

# Annual Accounts 2013

STOCKHOLM 5 FEBRUARY 2014

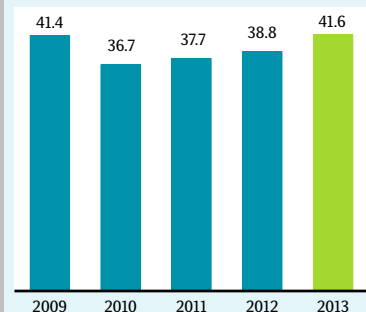
“As *the* relationship bank we stay firm to our belief that high customer loyalty is the driver of long-term profitability. In 2013, customers were more active and SEB made good progress to deliver a higher return on equity.”

Annika Falkengren

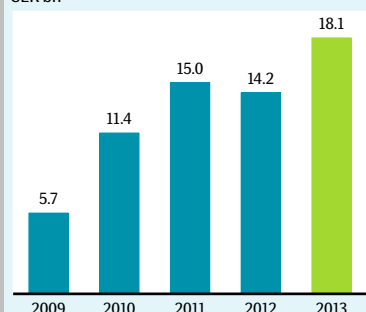


**SEB**

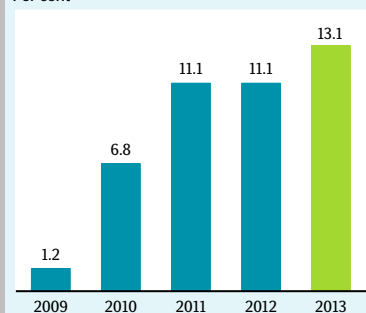
**Operating income**  
SEK bn



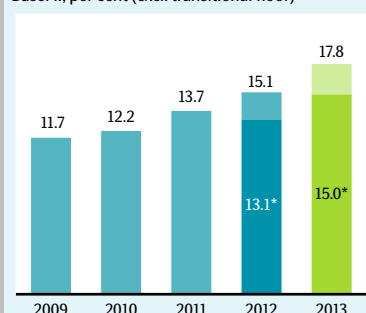
**Operating profit**  
SEK bn



**Return on Equity**  
Per cent



**Capital adequacy Core Tier 1**  
Basel II, per cent (excl. transitional floor)



## 2013 – SEK 18.1bn operating profit

- Operating profit SEK 18.1bn (14.2).
- Operating income SEK 41.6bn (38.8). Operating expenses SEK 22.3bn (23.7).
- Net interest income SEK 18.8bn (17.6), net fee and commission income SEK 14.7bn (13.6) and net financial income SEK 4.1bn (4.6).
- Net credit losses SEK 1.2bn (0.9) and a credit loss level of 0.09 per cent (0.08).
- Net profit SEK 14.8bn (11.7).
- Return on equity 13.1 per cent (11.1) and earnings per share SEK 6.74 (5.31).

## The fourth quarter 2013 – SEK 5.0bn operating profit

- Operating profit SEK 5.0bn (2.8). Net profit SEK 4.2bn (3.2).
- Operating income SEK 11.0bn (9.6). Operating expenses SEK 5.7bn (6.5).
- Net credit losses SEK 0.3bn (0.3) and a credit loss level of 0.10 per cent (0.08).
- Return on equity 14.1 per cent (11.9) and earnings per share SEK 1.93 (1.47).

## Volumes

- Loans to corporates increased by SEK 34bn and lending to households by SEK 26bn during 2013. Total loans to the public amounted to SEK 1,303bn.
- Deposits from corporates amounted to SEK 544bn and deposits from households amounted to SEK 223bn. Total deposits from the public amounted to SEK 849bn.
- Assets under management amounted to SEK 1,475bn. There was a net inflow of assets under management of SEK 21bn during the year.

## Capital and funding

- The core Tier 1 capital ratio was 17.8 per cent (Basel II). The Common Equity Tier 1 ratio was 15.0 per cent (Basel III).
- The Liquidity Coverage Ratio (LCR) was 129 per cent (113).
- The core liquidity reserve amounted to SEK 346bn and the total liquid resources amounted to SEK 625bn.

## Proposed dividend

- The Board of Directors proposes a dividend to shareholders of SEK 4.00 per share, which corresponds to a payout ratio of 59 per cent.

## President's comment

Ever since the first sign of the US sub-prime crisis in the summer of 2007, the world economy has faced several challenges including a global financial crisis, subdued real economic growth, rising debt levels and growing global imbalances. Looking back at the past year, the world economy gradually recovered and the equity markets displayed renewed optimism. However, until central bank liquidity support has been materially reduced, stable business conditions will be hard to achieve. Europe is a weak spot and the implementation of the banking union will be an important stabilizer. The Nordic countries have shown resilience and GDP-growth is expected to be above Eurozone average. The Baltic countries have continued to show high growth numbers.

### ***The relationship bank in our part of the world***

For banks a key take-away from these past years has been the importance of a strong balance sheet. With ample liquidity and strong capital ratios, banks can ensure resilience to future possible system shocks as well as have the capacity to invest in and support long-term customer relationships. This has also been the guiding principle for SEB as we were determined to come out of the crisis as a stronger bank with our mind set on always putting customers first. As *the relationship bank in our part of the world*, we never compromise on what it takes to be the trusted financial partner for both businesses and individuals.

### **Higher activity levels and higher profitability**

Over the past years we in SEB have strengthened long-term customer relationships, continued to grow in our areas of strength, reduced earnings volatility and have improved both cost and capital efficiency. We have a growing and attractive customer base and work to improve customer satisfaction, which is also reflected in the operating result for 2013.

SEB's operating profit increased to SEK 18.1bn. Corporate customers have been more inclined to deepen their business with us and private individuals have increasingly chosen SEB as their home bank. Our diversified business contributed to a broad increase in operating income, up by 7 per cent to SEK 41.6bn. Operating expenses decreased to SEK 22.3bn. Asset quality remained strong: non-performing loans fell by 32 per cent and now constitute 0.7 per cent of total lending. We continued to generate capital and on a Common Equity Tier 1 ratio (Basel III) of 15.0 per cent, return on equity reached 13.1 per cent.

### **High customer loyalty key to profitable growth**

SEB has a unique corporate profile in the Nordic region. With the long-term strategic direction we have set out, our objectives are to be *the leading Nordic bank for corporates and institutions and the top universal bank in Sweden and the Baltic countries*. We stay firm in our belief that high customer loyalty is the foundation for long-term profitability.

Our Nordic franchise has strengthened further. Since we started our growth initiative in 2010, we have gained 242 new large corporate and institutional customers in Denmark, Finland and Norway and average annual profit growth has been 15 to 20 per cent in these three countries. Our way of doing business has led to SEB being the bank Nordic large corporate customers and financial institutions are most willing to recommend (Prospera, January 2014). The Nordic countries outside Sweden now constitute 27 per cent of SEB's operating profit.

We made progress to firmly establish SEB as a top universal bank in Sweden and the Baltic countries. In Sweden, we have 466,000 private customers and 140,000 small and medium-sized corporate customers – among them many entrepreneurs – who have chosen SEB as their main banking partner. We constantly strive to improve our offerings and increase accessibility and as an example, in 2013 we launched attractive new smart phone apps for corporate customers and an improved internet bank. Private Banking attracted new customers and SEK 24bn of assets under management.

### **Our direction remains firm**

SEB has employees who are deeply committed to the values and heritage of the bank. The team effort has shown the potential of the platform we have built since the crisis. Our direction to be *the relationship bank in our part of the world* remains firm, all for the benefit of our customers and shareholders.



**Income +7%**  
**Costs -6%**

2013

**#1 willingness to recommend**

Large corporates & financial institutions 2013

Prospera

**ROE 13.1%**  
**CET1 15.0%**

Basel III, 2013

# The Group

## Fourth quarter isolated

Operating profit amounted to SEK 5,009m (2,839). Net profit from continuing operations was SEK 4,216m (3,240). Net profit (after tax), including the net result from discontinued operations, amounted to SEK 4,222m (3,239).

## Operating income

Total operating income amounted to SEK 11,030m (9,637).

Net interest income increased to SEK 4,932m (4,458).

	Q4	Q3	Q4
SEK m	2013	2013	2012
Customer-driven NII	4 498	4 286	4 060
NII from other activities	434	473	398
<b>Total</b>	<b>4 932</b>	<b>4 759</b>	<b>4 458</b>

The customer-driven net interest income increased by SEK 438m, or 11 per cent, compared with the fourth quarter of 2012. Higher volumes offset the negative effect from lower short-term rates. Compared with the third quarter the customer-driven net interest income increased by SEK 212m, or 5 per cent. There were positive margin and volume effects.

Net interest income from other activities increased by SEK 36m compared with the corresponding quarter 2012 and was SEK 39m lower than the previous quarter. Negative effects from lower short-term rates were offset by higher net interest income in Markets.

Net fee and commission income amounted to SEK 3,871m (3,715). Compared to the fourth quarter 2012, and especially the third quarter 2013, corporate activity in the debt and syndication markets increased substantially. Base commissions were in line with the fourth quarter last year. Performance fees increased compared to the third quarter. Low stock market activity led to lower brokerage income in the fourth quarter.

Net financial income amounted to SEK 1,186m (982), an increase of 21 per cent year-on-year. Customer activity in debt and currencies picked up during the quarter and credit spreads narrowed further.

Net life insurance income increased by 7 per cent to SEK 890m (831). Asset values in the life business appreciated in line with the more positive market sentiment.

Net other income amounted to SEK 151m (-349). In the fourth quarter of 2012 there was a repurchase of covered bonds which had a negative effect on income in the amount of SEK 402m.

## Operating expenses

Total operating expenses amounted to SEK 5,661m, which was a decrease of 13 per cent year-on-year (6,524). There was a SEK 753m write-off of certain IT-infrastructure in the fourth quarter 2012. Compared with the previous quarter, costs rose by 4 per cent. Staff costs decreased while other expenses increased by SEK 323m. The latter was mainly due to IT development and customer-oriented activities.

## Credit losses and provisions

Net credit losses amounted to SEK 341m (276). The credit loss level was 10 basis points.

Non-performing loans decreased by SEK 694m in the fourth quarter. Write-offs of non-performing loans against reserves in Latvia and Lithuania increased compared with the fourth quarter 2012. Non-performing loans in the Baltic countries fell by 9 per cent in the quarter and by 44 per cent compared with one year ago.

Individually assessed impaired loans amounted to SEK 4.9bn and the portfolio assessed loans past due >60 days amounted to SEK 4.1bn.

## Income tax expense

Total income tax expense was SEK 793m (income of SEK 401m in 2012), which corresponded to an effective tax rate of 16 per cent.

In Finland, the corporate income tax rate was reduced to 20 per cent effective from 2014. As a result, SEB's deferred tax assets and deferred tax liabilities subject to Finnish income tax were revalued. At the end of 2013, this had a positive effect of SEK 266m.

## Development on a comparable basis

The 2012 result reflected financial effects of a one-time character: a positive effect from the lower Swedish corporate tax rate, a write-off of certain IT infrastructure and costs relating to buy-backs of covered bonds. The following table compares the fourth quarter result of 2013 with 2012 pro forma - excluding the one-time character effects.

	Q4	Q4	Change
SEK m	2013	2012*	%
Total operating income	11 030	10 039	10
Total operating expenses	-5 661	-5 771	-2
<b>Profit before credit losses</b>	<b>5 369</b>	<b>4 268</b>	<b>26</b>
Net credit losses etc	-360	-274	31
<b>Operating profit</b>	<b>5 009</b>	<b>3 994</b>	<b>25</b>
Income tax expense	-793	-985	-19
<b>Net profit from continuing operations</b>	<b>4 216</b>	<b>3 009</b>	<b>40</b>

\* Pro forma

## Discontinued operations

The net result from discontinued operations was SEK 6m (-1).

## Other comprehensive income

Other comprehensive income increased to SEK 3,102m (-500). SEB's pension obligations, net, decreased by SEK 1,943m (-1,558). The main reason was an increase in asset values of SEK 1,692m.

Comparative numbers - in parenthesis - for the income statement refer to the corresponding period 2012. Business volumes are compared to year-end 2012.

## The full year 2013

Operating profit increased by 27 per cent to SEK 18,127m (14,235). Net profit from continuing operations was SEK 14,789m (12,142). Net profit (after tax), including the net result from discontinued operations, amounted to SEK 14,778m (11,654).

### Operating income

Total operating income amounted to SEK 41,553m (38,823).

Net interest income increased to SEK 18,827m (17,635).

SEK m	Jan - Dec		Change
	2013	2012	%
Customer-driven NII	16 978	15 927	7
NII from other activities	1 849	1 708	8
<b>Total</b>	<b>18 827</b>	<b>17 635</b>	<b>7</b>

The customer-driven net interest income increased by SEK 1,051m, or 7 per cent, compared to 2012. This was due to volume growth and stable net interest margins despite the lower short-term rates. Average volumes of loans to and deposits from the public for the year grew by 4 and 7 per cent, respectively.

Net interest income from other activities increased by SEK 141m year-on-year. The yield of the liquidity portfolio and on other interest-earning assets decreased due to lower short-term rates, but to a lesser degree than funding costs.

Net fee and commission income was SEK 14,664m (13,620). Compared to 2012, the average value of assets under management and stock exchange turnover increased. In particular, higher corporate activity in the debt and syndication markets and increased investment banking activity led to higher lending and syndication fees by SEK 484m in the year. Performance and transaction fees were stable at SEK 267m (264).

Net financial income decreased to SEK 4,052m (4,579). There were unusually high valuation gains in the liquidity portfolio in 2012. There was a net positive effect of SEK 165m from valuation changes arising from counterparty risk and own credit standing in 2013.

Net life insurance income decreased by 5 per cent to SEK 3,255m (3,428). With increasing market values in the stock markets income from unit-linked insurance was up, while the higher long-term interest rates had a negative impact on traditional life insurance and SEB's own-account investment portfolios in Denmark.

Net other income amounted to SEK 755m (-439). There were realised losses from a repurchase of covered bonds in 2012 which had a negative effect on income in the amount of SEK 402m. In 2013, there was instead a gain in the amount of SEK 201m from the repurchase of subordinated debt as well as positive hedge accounting effects.

### Operating expenses

Total operating expenses decreased by 6 per cent compared to 2012, and amounted to SEK 22,287m (23,652). Staff costs were 4 per cent lower. The number of employees decreased

by 6 per cent. Other expenses fell by 2 per cent. There was a SEK 753m write-off of certain IT-infrastructure in 2012.

### Credit losses and provisions

Net credit losses amounted to SEK 1,155m (937). The credit loss level amounted to 9 basis points for the year. The net credit losses for the Group, excluding the Baltic region, equalled a credit loss level of 6 basis points for the year. The net credit losses in the Baltic region corresponded to a credit loss level of 40 basis points for the year.

Non-performing loans amounted to SEK 9.5bn, which was 32 per cent lower than one year ago, and which reflected a continued strong asset quality. Non-performing loans constituted 0.7 per cent of the Group's lending (1.0). The non-performing loans coverage ratio was 72 per cent (66).

Individually assessed impaired loans decreased by SEK 3.1bn compared to one year ago while the portfolio assessed loans past due >60 days decreased by SEK 1.2bn.

### Income tax expense

Total income tax expense was SEK 3,338m (2,093), which corresponded to an effective tax rate of 18 per cent. The Group tax rate for 2014 is estimated at 20 per cent.

### Development on a comparable basis

The 2012 result included financial effects of a one-time character: a positive effect from the lower Swedish corporate tax rate, a write-off of certain IT infrastructure and costs relating to buy-backs of covered bonds. The following table compares the 2013 income statement with 2012 pro forma - excluding the one-time character effects.

SEK m	Jan - Dec		Change
	2013	2012*	%
Total operating income	41 553	39 225	6
Total operating expenses	-22 287	-22 899	-3
<b>Profit before credit losses</b>	<b>19 266</b>	<b>16 326</b>	<b>18</b>
Net credit losses etc	-1 139	-936	22
<b>Operating profit</b>	<b>18 127</b>	<b>15 390</b>	<b>18</b>
Income tax expense	-3 338	-3 480	-4
<b>Net profit from continuing operations</b>	<b>14 789</b>	<b>11 910</b>	<b>24</b>

\* Pro forma

### Discontinued operations

The net result from discontinued operations was SEK -11m (-488).

### Other comprehensive income

The net result from other comprehensive income was SEK 5,686m (-816). Pension plan assets in Sweden appreciated. At the same time, the market-derived discount rate for Swedish pension obligations increased to 3.8 per cent (2.8), which led to a positive effect of SEK 5,083m (-2,003) for the defined benefit pension plans.

The net effect from the valuation of balance sheet items that may subsequently be reclassified to the income

statement, e.g. cash-flow hedges, available-for-sale financial assets and translation of foreign operations amounted to SEK 603m (1,187).

### Business volumes

Total assets at year-end 2013 were SEK 2,485bn (2,453). Loans to the public amounted to SEK 1,303bn, an increase of SEK 67bn during the year.

SEK bn	Dec	Dec
	2013	2012
Public administration	52	55
Private individuals	493	467
Corporate	647	613
Repos	87	76
Debt instruments	24	25
<b>Loans to the public</b>	<b>1 303</b>	<b>1 236</b>

SEB's total credit portfolio (which includes both on- and off-balance sheet volumes) amounted to SEK 1,862bn (1,777). Compared with 2012, household volumes increased by SEK 25bn. The combined corporate and property management portfolios increased by SEK 68bn.

Deposits from the public amounted to SEK 849bn, a decrease of SEK 13bn during the year.

SEK bn	Dec	Dec
	2013	2012
Public administration	71	74
Private individuals	223	209
Corporate	544	565
Repos	11	14
<b>Deposits and borrowings from the public</b>	<b>849</b>	<b>862</b>

Deposits from households increased by SEK 14bn. Deposits from corporates decreased by SEK 21bn. There was a decrease in short-term deposits from international asset managers while deposits from other corporate customers increased by SEK 16bn.

At year-end 2013, assets under management amounted to SEK 1,475bn (1,328). The net inflow of assets during 2013 was SEK 21bn and the market value increased by SEK 126bn. Assets under custody amounted to SEK 5,958bn (5,191).

### Market risk

The trading business is customer flow-driven. This is confirmed by the fact that there were only six loss-making days during the year. During 2013, Value-at-Risk (VaR) in the trading operations averaged SEK 141m (162). On average, the Group is not expected to lose more than this amount during a period of ten trading days, with 99 per cent probability.

### Liquidity and long-term funding

SEB's loan-to-deposit ratio was 142 per cent (134), excluding repos and debt instruments. During 2013, SEK 61bn of long-

term funding matured and SEK 120bn was issued. 62 per cent of the new issuance constituted covered bonds.

The core liquidity reserve at the end of 2013 amounted to SEK 346bn (373). The total liquid resources, including net trading assets and unutilised collateral in the cover pool, amounted to SEK 625bn (632). The Swedish Financial Supervisory Authority requires a Liquidity Coverage Ratio (LCR), according to rules adapted for Sweden, of at least 100 per cent in total and in EUR and USD, separately. At the end of the period, the LCR was 129 per cent (113). The USD and EUR LCRs were 208 and 207 per cent, respectively.

SEB's internal structural liquidity measure, the Core Gap which measures the proportion of stable funding in relation to illiquid assets, was 114 per cent, reflecting the Bank's commitment to a stable funding base. SEB's structural liquidity measure according to the Swedish Central Bank's Financial Stability Reports has been around 85 per cent in the last few years. The Basel Committee's Net Stable Funding Ratio (NSFR) is still not finalised. An update of the proposal was published by the Basel Committee in January 2014. It is currently subject to consultation.

### Capital position

During 2013, SEB continued to align the framework for capital allocation to the Basel III regulation. This was done by allocating more capital, in the amount of SEK 23bn, to the divisions from the central function in the first quarter 2013.

All capital ratios improved during the year. Risk-weighted assets decreased by SEK 22bn. The volume-related increase in credit risk-weighted assets was offset by a decrease in market risk and by process and regulatory related change. Trading activity was lower.

The Basel III Tier 1 leverage ratio was 4.2 per cent.

	Dec	Dec
	2013	2012
<b>Basel III<sup>1)</sup></b>		
Common Equity Tier 1 capital ratio, %	15.0	13.1
Tier 1 capital ratio, %	17.1	15.3
RWA, SEK bn	598	632

1) Estimate based on SEB's interpretation of future regulation.

<b>Basel II<sup>2)</sup></b>		
Core tier 1 capital ratio, %	17.8	15.1
Tier 1 capital ratio, %	19.2	17.5
RWA, SEK bn	564	586

2) Without transitional floor.

In 2013, the Swedish Financial Supervisory Authority decided to implement a 15 per cent risk-weight floor on Swedish mortgages. The floor will be implemented as a so-called Pillar 2 charge and the capital ratios which are reported according to Pillar 1 (see table), will not be affected. SEB has already allocated additional capital to the residential mortgage business in line with the risk-weight floor. There is a proposal to increase the risk-weight floor to 25 per cent which remains to be decided.

Based on an average risk-weight of 7.7 per cent for the Swedish residential mortgage lending under Pillar 1 at year-end, the additional Pillar 2 risk-weighted assets would amount to SEK 28.9bn. The Swedish Common Equity Tier 1 requirement of 12 per cent (from 2015) indicates that SEB, at year-end, would be required to hold additional Common Equity Tier 1 capital in the amount of SEK 3.5bn, which would correspond to 61 basis points on the Common Equity Tier 1 capital ratio under Pillar 1.

#### **Dividend**

The Board proposes to the AGM a dividend of SEK 4.00 per Class A and Class C share, which corresponds to a payout ratio of 59 per cent. The total dividend amounts to SEK 8,719m (6,028), calculated on the total number of issued shares as per 31 December 2013, excluding own shares held. The proposal shall be seen with reference to the dividend policy, the outlook for the economic environment, the Group's earnings generation and capital situation.

The SEB share will be traded ex-dividend on 26 March 2014. The proposed record date for the dividend is 28 March 2014 and dividend payments will be disbursed on 2 April 2014.

#### **Rating**

SEB's long-term senior unsecured ratings are 'A1' (stable outlook) by Moody's and 'A+' (stable outlook) by Fitch. Standard & Poor's SEB rating of 'A+' has a negative outlook due to S&P's negative outlook on the macroeconomic situation in Sweden.

#### **Long-term financial targets**

SEB's long-term financial targets communicated a year ago were to:

- pay a yearly dividend that is 40 per cent or above of the earnings per share,
- target a Common Equity Tier 1 capital ratio (Basel III) of 13 per cent, and
- generate return on equity that is competitive with peers.

This means that the Bank aspires to reach a return on equity of 15 per cent. The capital target may be revised as the Swedish implementation of capital requirements through CRD IV is clarified.

As of year-end 2013, the Common Equity Tier 1 capital ratio (Basel III) was 15.0 per cent and the return on equity for 2013 was 13.1 per cent.

#### **Risks and uncertainties**

2013 was characterised by a gradual healing process in the financial markets and volatility decreased materially. Nevertheless, large global imbalances remain and the potential reduction of liquidity support to financial markets from central banks may create direct and indirect effects that are difficult to assess. As a consequence, stable business conditions will be hard to achieve. It once again underlines that the macroeconomic environment is the major driver of risk to the Group's earnings and financial stability. In particular, it affects the asset quality and thereby the credit risk of the Group.

SEB assumes credit, market, liquidity, IT and operational as well as life insurance risks. The risk composition of the Group, as well as the related risk management, is further described in SEB's Annual Report.

The international Basel III regulatory framework in relation to capital, liquidity and funding standards could have long-term effects on asset and liability management and profitability of the banking sector. These aspects remain to be decided and implemented in Sweden, while the EU has adopted the regulatory framework.

#### **Subsequent events**

SEB Kort and Nets have signed an agreement that SEB will acquire Nets' Business Eurocard operations in Finland. The acquisition will strengthen SEB's card offering in the corporate segment. The operations will be transferred from Nets to SEB Kort on 1 April 2014. The financial impact on SEB is marginal.

The Board has decided to establish a level 1 sponsored American Depository Receipts programme in the United States. The programme is expected to be operational during the first quarter of 2014.

#### **Stockholm, 5 February 2014**

*The President declares that the Annual Accounts for 2013 provide a fair overview of the Parent Company's and the Group's operations, their financial position and results and describe material risks and uncertainties facing the Parent Company and the Group.*

#### **Annika Falkengren**

President and Chief Executive Officer

### Press conference and webcasts

The press conference at 9.30 am (CET) on 5 February 2014, at Kungsträdgårdsgatan 8 with President and CEO Annika Falkengren can be followed live in Swedish on [www.sebgroup.com/sv/ir](http://www.sebgroup.com/sv/ir). A simultaneous translation into English will be available on [www.sebgroup.com/ir](http://www.sebgroup.com/ir). A replay will also be available afterwards.

### Access to telephone conference

The telephone conference at 3 pm (CET) on 5 February 2014 with the President and CEO Annika Falkengren, the CFO Jan Erik Back and the Head of Investor Relations Ulf Grunnesjö, can be accessed by telephone, +44(0)20 7131 2799. Please quote conference id: 940846, not later than 10 minutes in advance. A replay of the conference call will be available on [www.sebgroup.com/ir](http://www.sebgroup.com/ir).

### Financial information calendar

4 March 2014	Annual report 2013
25 March 2014	Annual general meeting
25 April 2014	Interim report January-March 2014
17 July 2014	Interim report January-June 2014
16 October 2014	Interim report January-September 2014

### Accounting policies

This Interim Report is presented in accordance with IAS 34 Interim Financial Reporting. The Group's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of these standards as adopted by the European Commission. The accounting follows the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulation and general guidelines issued by the Swedish Financial Supervisory Authority: Annual reports in credit institutions and securities companies (FFFS 2008:25). In addition, the Supplementary accounting rules for groups (RFR 1) from the Swedish Financial Reporting Board have been applied. The Parent company has prepared its accounts in accordance with Swedish Annual Act for Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25) on annual reports in credit institutions and securities companies and the supplementary accounting rules for legal entities (RFR 2) issued by the Swedish Financial Reporting Board.

As of the 2013 financial year, IFRS 13 Fair Value Measurement comes into effect for application in the EU. The

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**Additional financial information is available in SEB's Fact Book which is published quarterly on [www.sebgroup.com/ir](http://www.sebgroup.com/ir).**

The Annual Accounts 2013 have not been reviewed by SEB's auditors. SEB's Annual Report for 2013, which includes the Auditor's report, will be published on 4 March 2014.

standard contains joint principles for fair value measurement of most assets and liabilities at fair value, and for which information about fair value must be disclosed. The application of the new standard has not had a significant impact on the financial statements of the Group. In accordance with IAS 1 Presentation of Financial Statements the presentation of Comprehensive Income has been amended so that items that can be reclassified to profit or loss later are separated from the items that cannot. In addition to this, amendments in IFRS 7 Financial Instruments: Disclosures and the introduction of IFRS 13 require further disclosures about off-setting of financial instruments and financial instruments at fair value. In all other material aspects, the Group's and the Parent company's accounting policies, basis for calculations and presentations are unchanged in comparison with the 2012 Annual Report. In 2012, SEB opted for early adoption of the amendments in IAS 19 Employee Benefits for defined benefit plans. More information regarding the restatement of comparable figures can be found on page 33 in the Annual Accounts 2012 and in note 54 of the Annual Report 2012



# The SEB Group

## Income statement – SEB Group

SEK m	Q4			Q3			Jan - Dec		
	2013	2013	%	2012	%	2013	2012	%	
Net interest income	4 932	4 759	4	4 458	11	18 827	17 635	7	
Net fee and commission income	3 871	3 735	4	3 715	4	14 664	13 620	8	
Net financial income	1 186	825	44	982	21	4 052	4 579	-12	
Net life insurance income	890	794	12	831	7	3 255	3 428	-5	
Net other income	151	211	-28	-349		755	-439		
<b>Total operating income</b>	<b>11 030</b>	<b>10 324</b>	<b>7</b>	<b>9 637</b>	<b>14</b>	<b>41 553</b>	<b>38 823</b>	<b>7</b>	
Staff costs	-3 386	-3 474	-3	-3 672	-8	-14 029	-14 596	-4	
Other expenses	-1 780	-1 457	22	-1 628	9	-6 299	-6 444	-2	
Depreciation, amortisation and impairment of tangible and intangible assets	-495	-522	-5	-1 224	-60	-1 959	-2 612	-25	
<b>Total operating expenses</b>	<b>-5 661</b>	<b>-5 453</b>	<b>4</b>	<b>-6 524</b>	<b>-13</b>	<b>-22 287</b>	<b>-23 652</b>	<b>-6</b>	
<b>Profit before credit losses</b>	<b>5 369</b>	<b>4 871</b>	<b>10</b>	<b>3 113</b>	<b>72</b>	<b>19 266</b>	<b>15 171</b>	<b>27</b>	
Gains less losses from disposals of tangible and intangible assets	-19	14		2		16	1		
Net credit losses	-341	-267	28	-276	24	-1 155	-937	23	
<b>Operating profit</b>	<b>5 009</b>	<b>4 618</b>	<b>8</b>	<b>2 839</b>	<b>76</b>	<b>18 127</b>	<b>14 235</b>	<b>27</b>	
Income tax expense	-793	-865	-8	401		-3 338	-2 093	59	
<b>Net profit from continuing operations</b>	<b>4 216</b>	<b>3 753</b>	<b>12</b>	<b>3 240</b>	<b>30</b>	<b>14 789</b>	<b>12 142</b>	<b>22</b>	
Discontinued operations	6			-1		-11	-488	-98	
<b>Net profit</b>	<b>4 222</b>	<b>3 753</b>	<b>12</b>	<b>3 239</b>	<b>30</b>	<b>14 778</b>	<b>11 654</b>	<b>27</b>	
Attributable to minority interests	1	2	-50	7	-86	7	22	-68	
Attributable to shareholders	4 221	3 751	13	3 232	31	14 771	11 632	27	
Continuing operations									
Basic earnings per share, SEK	1.93	1.71		1.47		6.74	5.53		
Diluted earnings per share, SEK	1.92	1.70		1.47		6.69	5.51		
Total operations									
Basic earnings per share, SEK	1.93	1.71		1.47		6.74	5.31		
Diluted earnings per share, SEK	1.92	1.70		1.47		6.69	5.29		

## Statement of comprehensive income – SEB Group

SEK m	Q4			Q3			Jan - Dec		
	2013	2013	%	2012	%	2013	2012	%	
<b>Net profit</b>	<b>4 222</b>	<b>3 753</b>	<b>12</b>	<b>3 239</b>	<b>30</b>	<b>14 778</b>	<b>11 654</b>	<b>27</b>	
<i>Items that may subsequently be reclassified to the income statement:</i>									
Available-for-sale financial assets	445	248	79	541	-18	1 105	1 276	-13	
Cash flow hedges	350	-57		152	130	-905	581		
Translation of foreign operations	364	-290		365	0	403	-670		
<i>Items that will not be reclassified to the income statement:</i>									
Defined benefit plans	1 943	2 455	-21	-1 558		5 083	-2 003		
<b>Other comprehensive income (net of tax)</b>	<b>3 102</b>	<b>2 356</b>	<b>32</b>	<b>- 500</b>		<b>5 686</b>	<b>- 816</b>		
<b>Total comprehensive income</b>	<b>7 324</b>	<b>6 109</b>	<b>20</b>	<b>2 739</b>	<b>167</b>	<b>20 464</b>	<b>10 838</b>	<b>89</b>	
Attributable to minority interests	4	1		9	-56	6	22	-73	
Attributable to shareholders	7 320	6 108	20	2 730	168	20 458	10 816	89	

## Balance sheet – SEB Group

SEK m	31 Dec 2013	31 Dec 2012
Cash and cash balances with central banks	173 950	191 445
Other lending to central banks	9 661	17 718
Loans to other credit institutions <sup>1)</sup>	102 623	126 023
Loans to the public	1 302 568	1 236 088
Financial assets at fair value *	776 624	725 938
Available-for-sale financial assets *	48 903	50 599
Held-to-maturity investments *	85	82
Investments in associates	1 274	1 252
Tangible and intangible assets	28 924	28 494
Other assets	40 222	75 817
<b>Total assets</b>	<b>2 484 834</b>	<b>2 453 456</b>
Deposits from central banks and credit institutions	176 191	170 656
Deposits and borrowing from the public	849 475	862 260
Liabilities to policyholders	315 512	285 973
Debt securities	713 990	661 851
Other financial liabilities at fair value	213 945	237 001
Other liabilities	68 106	96 349
Provisions	1 992	5 572
Subordinated liabilities	22 809	24 281
Total equity	122 814	109 513
<b>Total liabilities and equity</b>	<b>2 484 834</b>	<b>2 453 456</b>
* Of which bonds and other interest bearing securities.	425 034	460 423

1) Loans to credit institutions and liquidity placements with other direct participants in interbank fund transfer systems.

A more detailed balance sheet is included in the Fact Book.

## Pledged assets, contingent liabilities and commitments – SEB Group

SEK m	31 Dec 2013	31 Dec 2012
Collateral pledged for own liabilities <sup>1)</sup>	363 946	352 459
Assets pledged for liabilities to insurance policyholders	325 717	288 721
<b>Collateral and comparable security pledged for own liabilities</b>	<b>689 663</b>	<b>641 180</b>
Other pledged assets and comparable collateral <sup>2)</sup>	111 914	135 372
Contingent liabilities	103 399	94 175
Commitments	486 844	407 423

1) Of which collateralised for covered bonds SEK 345,602m (320,859).

2) Securities lending SEK 58,046m (66,675) and pledged but unencumbered bonds SEK 50,367m (68,697).

## Key figures – SEB Group

	Q4	Q3	Q4	Jan - Dec	
	2013	2013	2012	2013	2012
<b>Continuing operations</b>					
Return on equity, continuing operations, %	14.12	13.37	11.93	13.12	11.52
Basic earnings per share, continuing operations, SEK	1.93	1.71	1.47	6.74	5.53
Diluted earnings per share, continuing operations, SEK	1.92	1.70	1.47	6.69	5.51
Cost/income ratio, continuing operations	0.51	0.53	0.68	0.54	0.61
Number of full time equivalents, continuing operations <sup>1)</sup>	15 693	15 743	16 295	15 851	16 578
<b>Total operations</b>					
Return on equity, %	14.14	13.37	11.93	13.11	11.06
Return on total assets, %	0.66	0.59	0.53	0.58	0.48
Return on risk-weighted assets, %	1.84	1.63	1.49	1.63	1.36
Basic earnings per share, SEK	1.93	1.71	1.47	6.74	5.31
Weighted average number of shares, millions <sup>2)</sup>	2 189	2 192	2 192	2 191	2 191
Diluted earnings per share, SEK	1.92	1.70	1.47	6.69	5.29
Weighted average number of diluted shares, millions <sup>3)</sup>	2 203	2 206	2 202	2 207	2 199
Net worth per share, SEK	62.10	58.76	56.33	62.10	56.33
Equity per share, SEK	56.33	52.72	49.92	56.33	49.92
Average shareholders' equity, SEK, billion	119.4	112.2	108.5	112.6	105.2
Credit loss level, %	0.10	0.08	0.08	0.09	0.08
Liquidity Coverage Ratio (LCR) <sup>4)</sup> , %	129	114	113	129	113
Capital adequacy Basel II <sup>5)</sup> :					
Risk-weighted assets, SEK billion	917	911	879	917	879
Core Tier 1 capital ratio, %	10.95	10.95	10.05	10.95	10.05
Tier 1 capital ratio, %	11.79	11.77	11.65	11.79	11.65
Total capital ratio, %	11.68	11.74	11.47	11.68	11.47
Capital adequacy Basel III <sup>6)</sup> :					
Risk-weighted assets, SEK billion	598	610	632	598	632
Common Equity Tier 1 capital ratio, %	15.01	15.00	13.10	15.01	13.10
Tier 1 capital ratio, %	17.12	17.07	15.33	17.12	15.33
Total capital ratio, %	18.09	18.00	16.73	18.09	16.73
Number of full time equivalents <sup>1)</sup>	15 712	15 762	16 357	15 870	16 925
Assets under custody, SEK billion	5 958	5 814	5 191	5 958	5 191
Assets under management, SEK billion	1 475	1 427	1 328	1 475	1 328
<b>Discontinued operations</b>					
Basic earnings per share, discontinued operations, SEK	0.00	0.00	0.00	0.00	-0.22
Diluted earnings per share, discontinued operations, SEK	0.00	0.00	0.00	0.00	-0.22

1) Quarterly numbers are for last month of quarter. Accumulated numbers are average for the period.

2) The number of issued shares was 2,194,171,802. SEB owned 2,188,734 Class A shares for the equity based programmes at year end 2012. During 2013 SEB has repurchased 32,276,198 shares and 20,043,859 shares have been sold. Thus, as at 31 December 2013 SEB owned 14,421,073 Class A-shares with a market value of SEK 1,223m.

3) Calculated dilution based on the estimated economic value of the long-term incentive programmes.

4) According to Swedish FSA regulations for respective period.

5) Including transitional floor, 80 per cent of RWA in Basel I.

6) Estimate based on SEB's interpretation of future regulation.

In SEB's Fact Book, this table is available with nine quarters of history.

## Income statement on quarterly basis - SEB Group

SEK m	Q4	Q3	Q2	Q1	Q4
	2013	2013	2013	2013	2012
Net interest income	4 932	4 759	4 677	4 459	4 458
Net fee and commission income	3 871	3 735	3 811	3 247	3 715
Net financial income	1 186	825	1 087	954	982
Net life insurance income	890	794	689	882	831
Net other income*	151	211	384	9	- 349
<b>Total operating income</b>	<b>11 030</b>	<b>10 324</b>	<b>10 648</b>	<b>9 551</b>	<b>9 637</b>
Staff costs	-3 386	-3 474	-3 613	-3 556	-3 672
Other expenses	-1 780	-1 457	-1 481	-1 581	-1 628
Depreciation, amortisation and impairment of tangible and intangible assets**	- 495	- 522	- 491	- 451	-1 224
<b>Total operating expenses</b>	<b>-5 661</b>	<b>-5 453</b>	<b>-5 585</b>	<b>-5 588</b>	<b>-6 524</b>
<b>Profit before credit losses</b>	<b>5 369</b>	<b>4 871</b>	<b>5 063</b>	<b>3 963</b>	<b>3 113</b>
Gains less losses from disposals of tangible and intangible assets	- 19	14	11	10	2
Net credit losses	- 341	- 267	- 291	- 256	- 276
<b>Operating profit</b>	<b>5 009</b>	<b>4 618</b>	<b>4 783</b>	<b>3 717</b>	<b>2 839</b>
Income tax expense***	- 793	- 865	- 975	- 705	401
<b>Net profit from continuing operations</b>	<b>4 216</b>	<b>3 753</b>	<b>3 808</b>	<b>3 012</b>	<b>3 240</b>
Discontinued operations	6		- 17		- 1
<b>Net profit</b>	<b>4 222</b>	<b>3 753</b>	<b>3 791</b>	<b>3 012</b>	<b>3 239</b>
Attributable to minority interests	1	2	1	3	7
Attributable to shareholders	4 221	3 751	3 790	3 009	3 232
Continuing operations					
Basic earnings per share, SEK	1.93	1.71	1.74	1.37	1.47
Diluted earnings per share, SEK	1.92	1.70	1.72	1.36	1.47
Total operations					
Basic earnings per share, SEK	1.93	1.71	1.73	1.37	1.47
Diluted earnings per share, SEK	1.92	1.70	1.72	1.36	1.47

\* Repurchase of covered bonds has had a negative effect on Net other income of SEK 402m in Q4 2012. Repurchase of subordinated debt gave a net positive effect of SEK 201m in Q2 2013.

\*\* As a result of the strategic review of the IT development portfolio, non-used parts of the portfolio have been derecognised as intangible assets. The cost, SEK 753m, arising from this has been recognised in Q4 2012.

\*\*\* The positive income tax expense in Q4 2012 is a result of the reduction of the Swedish corporate tax rate, which has had a one-off effect of SEK 1.1bn from revaluation of deferred tax assets and liabilities.

## Income statement by Division – SEB Group

Jan-Dec 2013, SEK m	Merchant Banking	Retail Banking	Wealth Management	Life	Baltic	Other	Eliminations	SEB Group
Net interest income	7 356	7 729	675	- 55	1 992	1 142	- 12	18 827
Net fee and commission income	5 498	4 045	3 332		984	- 65	870	14 664
Net financial income	3 601	384	154		449	- 536		4 052
Net life insurance income				4 645		7	-1 397	3 255
Net other income	274	85	71		- 32	394	- 37	755
<b>Total operating income</b>	<b>16 729</b>	<b>12 243</b>	<b>4 232</b>	<b>4 590</b>	<b>3 393</b>	<b>942</b>	<b>- 576</b>	<b>41 553</b>
Staff costs	-3 703	-2 903	-1 214	-1 186	- 650	-4 422	49	-14 029
Other expenses	-4 456	-3 034	-1 351	- 577	- 992	3 584	527	-6 299
Depreciation, amortisation and impairment of tangible and intangible assets	- 148	- 63	- 42	- 935	- 106	- 665		-1 959
<b>Total operating expenses</b>	<b>-8 307</b>	<b>-6 000</b>	<b>-2 607</b>	<b>-2 698</b>	<b>-1 748</b>	<b>-1 503</b>	<b>576</b>	<b>-22 287</b>
<b>Profit before credit losses</b>	<b>8 422</b>	<b>6 243</b>	<b>1 625</b>	<b>1 892</b>	<b>1 645</b>	<b>- 561</b>		<b>19 266</b>
Gains less losses from disposals of tangible and intangible assets	- 18	1			40	- 7		16
Net credit losses	- 233	- 501	- 15		- 405	- 1		-1 155
<b>Operating profit</b>	<b>8 171</b>	<b>5 743</b>	<b>1 610</b>	<b>1 892</b>	<b>1 280</b>	<b>- 569</b>		<b>18 127</b>

Wealth Management and Life are held together in a new division, Life & Wealth Management but are still reported separately.

## SEB's markets

SEB offers universal financial advice and services in Sweden and the Baltic countries. In Denmark, Finland, Norway and Germany, the bank's operations have a strong focus on corporate and investment banking based on a full-service offering to corporate and institutional clients. In addition, SEB serves its corporate and institutional customers through its international network.

### Profit per country

Distribution by country Jan - Dec										Operating profit in local currency		
SEK m	Total operating income			Total operating expenses			Operating profit			2013	2012	%
	2013	2012	%	2013	2012	%	2013	2012	%			
Sweden	24 695	22 239	11	-14 259	-15 052	- 5	10 002	6 777	48	10 002	6 777	48
Norway	3 276	3 272	0	-1 210	-1 339	- 10	1 973	1 902	4	1 779	1 633	9
Denmark	3 123	3 046	3	-1 325	-1 387	- 4	1 743	1 599	9	1 502	1 366	10
Finland	1 656	1 421	17	- 626	- 625	0	1 024	789	30	118	91	30
Germany*	2 813	2 875	- 2	-1 674	-1 752	- 4	1 030	1 074	- 4	119	123	- 3
Estonia	1 143	1 163	- 2	- 537	- 546	- 2	639	636	0	74	73	1
Latvia	1 022	1 028	- 1	- 529	- 529	0	228	199	15	19	16	19
Lithuania	1 472	1 410	4	- 795	-1 081	- 26	543	269	102	217	107	103
Other countries and eliminations	2 353	2 369	- 1	-1 332	-1 341	- 1	945	990	- 5			
<b>Total</b>	<b>41 553</b>	<b>38 823</b>	<b>7</b>	<b>-22 287</b>	<b>-23 652</b>	<b>- 6</b>	<b>18 127</b>	<b>14 235</b>	<b>27</b>			

\*Excluding centralised Treasury operations

- Strengthened Nordic franchise
- Gradual recovery in the Baltic countries after many years of subdued economic activity
- Generally reduced operating expenses

### Comments on 2013

In *Sweden*, operating profit increased by 48 per cent due to higher income from corporate activity and the retail segment in combination with a continued focus on costs. Increased lending and deposit volumes contributed to a stronger net interest income compared to last year. Fee income from custody, mutual funds and lending increased. Operating expenses, and the number of employees, decreased. Asset quality remained strong and the credit loss level was 5 basis points.

SEB's targeted *Nordic* expansion continued in 2013 and 75 new large corporates chose SEB as their bank. Prospera's customer surveys in both the Nordic large corporate customers and financial institutions segments confirmed SEB as the market leader for the Tier 1 segment and also showed that the ratings of both customer segments improved. Asset quality remained strong and the credit loss level was 6 basis points, unchanged from 2010, which confirmed the robust credit characteristics of the region. The credit portfolio for large corporate and institutional customers grew by 3 per cent in 2013.

In *Norway*, operating profit increased by 9 per cent in 2013. This was the strongest operating profit in SEB Norway to date. The net interest income and the credit portfolio grew

and several important transactions were closed during the year. Costs were lower.

In *Denmark*, operating profit increased by 10 per cent, driven by increased corporate customer activities across the divisions and strong results in Markets. Also the Life & Wealth division delivered stronger results. Total costs decreased.

In *Finland*, operating profit increased by 30 per cent. Corporate finance activity was high and Merchant Banking's performance was positive with a 39 per cent increase in operating profit.

In *Germany*, SEB continued to attract new corporate clients and the credit portfolio grew by 15 per cent. Asset quality remained strong and the credit loss level was 5 basis points, unchanged from 2010. The positive development was reflected in Merchant Banking's operating profit which grew by 4 per cent. The operating profit for SEB Germany overall decreased by 3 per cent, due to a gradual close-down of real estate funds (for instance ImmoInvest) and the low interest rate environment.

In *Lithuania*, operating profit doubled compared to 2012 and *Estonia* and *Latvia* also had positive development. See also the information on the Baltic division.

## Merchant Banking

The Merchant Banking division offers commercial and investment banking services to large corporate and institutional clients, mainly in the Nordic region and Germany. Customers are also served through an extensive international presence.

### Income statement

SEK m	Q4			Q3			Q4			Jan- Dec		
	2013	2013	%	2012	%	2013	2012	%	2013	2012	%	
Net interest income	1 962	1 862	5	1 697	16	7 356	6 966	6				
Net fee and commission income	1 369	1 535	-11	1 361	1	5 498	4 896	12				
Net financial income	1 034	712	45	837	24	3 601	3 683	-2				
Net other income	86	169	-49	-16		274	292	-6				
<b>Total operating income</b>	<b>4 451</b>	<b>4 278</b>	<b>4</b>	<b>3 879</b>	<b>15</b>	<b>16 729</b>	<b>15 837</b>	<b>6</b>				
Staff costs	- 934	- 919	2	- 997	-6	-3 703	-3 945	-6				
Other expenses	-1 127	-1 112	1	-1 117	1	-4 456	-4 465	0				
Depreciation, amortisation and impairment of tangible and intangible assets	- 36	- 36	0	- 58	-38	- 148	- 182	-19				
<b>Total operating expenses</b>	<b>-2 097</b>	<b>-2 067</b>	<b>1</b>	<b>-2 172</b>	<b>-3</b>	<b>-8 307</b>	<b>-8 592</b>	<b>-3</b>				
<b>Profit before credit losses</b>	<b>2 354</b>	<b>2 211</b>	<b>6</b>	<b>1 707</b>	<b>38</b>	<b>8 422</b>	<b>7 245</b>	<b>16</b>				
Gains less losses from disposals of tangible and intangible assets	- 17	- 1				- 18	- 6	200				
Net credit losses	- 50	- 99	-49	- 1		- 233	- 130	79				
<b>Operating profit</b>	<b>2 287</b>	<b>2 111</b>	<b>8</b>	<b>1 706</b>	<b>34</b>	<b>8 171</b>	<b>7 109</b>	<b>15</b>				
Cost/Income ratio	0.47	0.48		0.56		0.50	0.54					
Business equity, SEK bn	47.5	50.2		36.3		48.8	36.7					
Return on business equity, %	14.8	13.0		13.9		12.9	14.3					
Number of full time equivalents	2 198	2 216		2 392		2 245	2 418					

Nota bene: The higher capital allocation in 2013 reflects the alignment to the future 12 per cent Common Equity Tier 1 requirement in the Basel III framework.

- Customer franchise continued to strengthen in all markets
- SEB ranked as the bank Nordic corporate customers and financial institutions are most willing to recommend
- 15 per cent increase in operating profit and maintained high asset quality

### Comments on 2013

2013 was characterised by continued market uncertainty. A number of supportive measures were taken by central banks in the first quarter, after which the market sentiment slowly improved throughout the year. The Nordic region continued to be perceived as a safe haven for investments.

Corporate investment levels including M&A activities started to improve, although from low levels. SEB acted as Joint Global Coordinator in the initial public offering (IPO) of BW LPG on Oslo Börs, the largest IPO in the Nordic market during 2013. This transaction highlights the value of SEB's business model, being one of a large number of major transactions where SEB has been a key arranger.

Operating income, which amounted to SEK 16,729m, increased by 6 per cent year-on-year (15,837). This was driven by higher customer activity, from a low level, in most business areas. Operating expenses which amounted to SEK 8,307m, decreased by 3 per cent compared with 2012 (8,592). Asset quality remained high and net credit losses at SEK 233m

consequently low (130). Operating profit amounted to SEK 8,171m, an increase of 15 per cent year-on-year (7,109).

Customer activity in capital markets overall was lower in 2013 and the result in *Markets* therefore slightly lower.

*Transaction Banking* broadened the customer base and could thereby offset most of the negative effects from lower interest rates and lower export and import volumes. Assets under custody amounted to SEK 5,958bn (5,191).

*Corporate & Investment Banking* continued to improve its performance in 2013 and delivered a solid result across all areas in spite of the still rather low M&A activities.

Prospera's customer surveys in both the Nordic large corporates and financial institutions segments confirmed SEB as the market leader for the Tier 1 segments and also showed that SEB's rating, by both customer segments, improved. Large corporate customers and financial institutions also rank SEB as the Nordic bank they are most willing to recommend.

## Retail Banking

The Retail Banking division offers full banking and advisory services to private individuals and small and medium-sized corporate customers in Sweden, as well as card services in all four Nordic countries.

### Income statement

SEK m	Q4			Q3			Q4			Jan- Dec		
	2013	2013	%	2012	%	2013	2012	%	2013	2012	%	
Net interest income	2 020	1 956	3	1 821	11	7 729	7 117	9				
Net fee and commission income	1 066	1 003	6	957	11	4 045	3 648	11				
Net financial income	106	84	26	86	23	384	339	13				
Net other income	26	20	30	24	8	85	76	12				
<b>Total operating income</b>	<b>3 218</b>	<b>3 063</b>	<b>5</b>	<b>2 888</b>	<b>11</b>	<b>12 243</b>	<b>11 180</b>	<b>10</b>				
Staff costs	- 665	- 725	-8	- 731	-9	-2 903	-3 024	-4				
Other expenses	- 807	- 729	11	- 845	-4	-3 034	-3 266	-7				
Depreciation, amortisation and impairment of tangible and intangible assets	- 13	- 14	-7	- 20	-35	- 63	- 85	-26				
<b>Total operating expenses</b>	<b>-1 485</b>	<b>-1 468</b>	<b>1</b>	<b>-1 596</b>	<b>-7</b>	<b>-6 000</b>	<b>-6 375</b>	<b>-6</b>				
<b>Profit before credit losses</b>	<b>1 733</b>	<b>1 595</b>	<b>9</b>	<b>1 292</b>	<b>34</b>	<b>6 243</b>	<b>4 805</b>	<b>30</b>				
Gains less losses from disposals of tangible and intangible assets	1					1						
Net credit losses	- 119	- 97	23	- 119	0	- 501	- 452	11				
<b>Operating profit</b>	<b>1 615</b>	<b>1 498</b>	<b>8</b>	<b>1 173</b>	<b>38</b>	<b>5 743</b>	<b>4 353</b>	<b>32</b>				
Cost/Income ratio	0.46	0.48		0.55		0.49	0.57					
Business equity, SEK bn	20.1	20.1		14.2		20.2	14.4					
Return on business equity, %	24.7	23.0		24.5		21.9	22.3					
Number of full time equivalents	3 378	3 342		3 649		3 452	3 708					

Nota bene: The higher capital allocation in 2013 reflects the alignment to the future 12 per cent Common Equity Tier 1 requirement in the Basel III framework.

- Strengthened offering through digital and mobile channels
- Operating profit grew by 32 per cent
- In the card business, cost efficiency contributed to a strong result

### Comments on 2013

2013 was characterised by continued market uncertainty but market sentiment slowly improved throughout the year. In Sweden, disposable income for Swedish households increased and activity in the housing market was high but decelerated towards year-end. In 2013, SEB increased the number of full service customers; to 466,000 private customers and to 139,700 small and medium-sized corporate customers. Attractive customer offerings such as new smart phone app for corporate customers and an improved internet bank were launched. During the year, the number of visits to SEB's mobile banking apps doubled to six million per month and mobile apps became the main channel in terms of number of customer interactions.

Operating income increased by 10 per cent compared with 2012. Operating expenses decreased by 6 per cent and the operating profit increased from SEK 4,353m to SEK 5,743m.

The mortgage portfolio amounted to SEK 375bn and portfolio margins increased slightly (SEB's total mortgage

portfolio in Sweden grew by SEK 25bn to reach SEK 383bn). SEB introduced an amortisation requirement on all new mortgages with a loan to value above 70 per cent. Household deposits increased by SEK 11bn to SEK 227bn.

Corporate lending amounted to SEK 169bn. SEB was awarded as the Corporate Bank of the Year for small corporates for the fourth time by Privata Affärer.

The operating profit of the card business grew by 12 per cent during 2013, mainly as a result of efficiency improvements. Total income was down by 1 per cent. Issuing volumes increased mainly driven by growing co-brand volumes. Business activity was continuously high. In order to improve the customer interface a smart phone app for Eurocard and an upgrade of the website for Diners club were released. The number of cards increased by 2 per cent and amounted to 3.6 million.



## Wealth Management

The Wealth Management operations offer a full spectrum of asset management and advisory services to institutions and high net-worth individuals, including *the* leading Nordic private banking offering.

### Income statement

SEK m	Q4			Q3			Jan- Dec		
	2013	2013	%	2012	%	2013	2012	%	
Net interest income	164	174	-6	158	4	675	667	1	
Net fee and commission income	927	752	23	926	0	3 332	3 244	3	
Net financial income	50	14		31	61	154	97	59	
Net other income	8	1		3	167	71	30	137	
<b>Total operating income</b>	<b>1 149</b>	<b>941</b>	<b>22</b>	<b>1 118</b>	<b>3</b>	<b>4 232</b>	<b>4 038</b>	<b>5</b>	
Staff costs	- 299	- 301	-1	- 331	-10	-1214	-1322	-8	
Other expenses	- 397	- 304	31	- 328	21	-1351	-1379	-2	
Depreciation, amortisation and impairment of tangible and intangible assets	- 14	- 9	56	- 11	27	- 42	- 43	-2	
<b>Total operating expenses</b>	<b>- 710</b>	<b>- 614</b>	<b>16</b>	<b>- 670</b>	<b>6</b>	<b>-2 607</b>	<b>-2 744</b>	<b>-5</b>	
<b>Profit before credit losses</b>	<b>439</b>	<b>327</b>	<b>34</b>	<b>448</b>	<b>-2</b>	<b>1 625</b>	<b>1 294</b>	<b>26</b>	
Gains less losses from disposals of tangible and intangible assets									
Net credit losses	- 9	- 6	50	- 6	50	- 15	- 5	200	
<b>Operating profit</b>	<b>430</b>	<b>321</b>	<b>34</b>	<b>442</b>	<b>-3</b>	<b>1 610</b>	<b>1 289</b>	<b>25</b>	
Cost/Income ratio	0.62	0.65		0.60		0.62	0.68		
Business equity, SEK bn	8.2	8.4		5.8		8.3	6.0		
Return on business equity, %	16.2	11.8		22.5		14.9	16.0		
Number of full time equivalents	872	876		919		891	940		

Nota bene: The higher capital allocation in 2013 reflects the alignment to the future 12 per cent Common Equity Tier 1 requirement in the Basel III framework.

- Continued high customer satisfaction in Private Banking and SEK 24bn in inflow of new volumes
- Growing institutional clients' portfolios due to strong market development and good performance
- Operating profit improved by 25 per cent and assets under management increased by 15 per cent

### Comments on 2013

Market activity picked-up after a slow start of the year as distress and volatility in the financial markets decreased dramatically. Increased confidence among investors in general led to positive stock market development and higher values of asset under management compared to last year. Margins were slightly lower.

The operating profit of SEK 1,610m increased by 25 per cent compared with last year. The base commissions for the year amounted to SEK 2,716m (2,665). During the fourth quarter, performance fees on discretionary mandates increased. Compared to 2012, performance and transaction fees for the year were stable at SEK 267m (264), while brokerage income increased by 11 per cent due to higher market activity. Operating expenses decreased by 5 per cent compared with last year. The fourth quarter operating expense increased due to increased activities in projects and with customers.

There was a continued strong inflow of new customers within Private Banking and SEK 24bn in new volumes were received during the year. For the fourth consecutive year SEB

was awarded as Best Private Bank in the Nordics and in Sweden by The Banker and PWM (Financial Times Group). Client satisfaction as measured by Net Promoter Score showed that customer satisfaction remained high.

The institutional clients' portfolios grew during 2013 and the interest from clients to use the possibility to combine both SEB products and external funds has increased. In the fourth quarter, SEB's closed-end funds that were recently launched, continued to capture the institutional clients' interest. As customers also increasingly chose SEB's niche alternative products such as the micro loan fund, income increased.

SEB continued to improve the customer offering for mutual funds, where funds managed by SEB represented an increasing share of customers' new investments. They are complemented by carefully selected external funds, in which the inflow to high-yield products continued.

Total assets under management amounted to SEK 1,408bn (1,228). This was an increase of 15 per cent from 2012.

## Life

Life offers life insurance products with a focus on unit-linked insurance for private individuals and corporate customers, mainly in Sweden, Denmark and the Baltic countries.

### Income statement

SEK m	Q4			Q3			Q4			Jan- Dec		
	2013	2013	%	2012	%	2013	2012	%	2013	2012	%	
Net interest income	- 9	- 10	-10	- 18	-50	- 55	- 86	-36				
Net life insurance income	1 248	1 155	8	1 149	9	4 645	4 707	-1				
<b>Total operating income</b>	<b>1 239</b>	<b>1 145</b>	<b>8</b>	<b>1 131</b>	<b>10</b>	<b>4 590</b>	<b>4 621</b>	<b>-1</b>				
Staff costs	- 300	- 297	1	- 305	-2	-1 186	-1 214	-2				
Other expenses	- 149	- 131	14	- 128	16	- 577	- 537	7				
Depreciation, amortisation and impairment of tangible and intangible assets	- 239	- 229	4	- 209	14	- 935	- 890	5				
<b>Total operating expenses</b>	<b>- 688</b>	<b>- 657</b>	<b>5</b>	<b>- 642</b>	<b>7</b>	<b>-2 698</b>	<b>-2 641</b>	<b>2</b>				
<b>Profit before credit losses</b>	<b>551</b>	<b>488</b>	<b>13</b>	<b>489</b>	<b>13</b>	<b>1 892</b>	<b>1 980</b>	<b>-4</b>				
<b>Operating profit</b>	<b>551</b>	<b>488</b>	<b>13</b>	<b>489</b>	<b>13</b>	<b>1 892</b>	<b>1 980</b>	<b>-4</b>				
Cost/Income ratio	0.56	0.57		0.57		0.59	0.57					
Business equity, SEK bn	8.2	8.2		6.5		8.2	6.5					
Return on business equity, %	23.3	20.7		26.2		20.0	26.5					
Number of full time equivalents	1 336	1 358		1 338		1 343	1 320					

Nota bene: The higher capital allocation in 2013 reflects the alignment to the future 12 per cent Common Equity Tier 1 requirement in the Basel III framework.

- Strengthened position in the collective pension market
- Continued growth in premiums
- Operating profit decreased 4 per cent due to lower income in traditional and risk products

### Comments on 2013

The life insurance market in both Sweden and Denmark is pressured by numerous factors, for instance regulatory costs.

The subdued macroeconomic development also means that the underlying market growth was limited. The result is industry-wide narrowing margins.

Operating profit for the year amounted to SEK 1,892m (1,980). The income from the unit-linked business increased by 5 per cent during the year to SEK 2,857m. The increase was primarily an effect of higher fund values, but also of increasing premium volumes in the unit-linked business. Compared to last year, total income decreased by 1 per cent, due to lower income in traditional and risk insurance. Increasing market interest rates has decreased the result from the own-account investment portfolio in Denmark. The unit-linked business continued to represent a major part of the total income. Expenses increased with 2 per cent compared to last year primarily due to higher sales expenses. Expenses before commissions to sales channels decreased by 3 per cent.

Total premium income relating to new and existing policies continued to increase. The premium income during the year amounted to SEK 30bn, which was 12 per cent higher. The improvement was primarily a result of growth in the Irish operations. Premiums also increased in Denmark and in the Baltics, but decreased in Sweden.

The weighted sales volume of new policies was virtually unchanged and amounted to SEK 38bn. Unit-linked business represented 88 per cent of sales (83) and the share of corporate paid policies was 72 per cent (76).

For Life, the total fund value in unit-linked amounted to SEK 234bn which is SEK 31bn higher than a year ago. During the year, net inflow was SEK 5bn and the appreciation in value was SEK 26bn or 13 per cent. Total assets under management amounted to SEK 481bn.

In the fourth quarter, it was announced that SEB was selected as one of the suppliers in the collective pension insurance for SAF-LO<sup>1</sup>, for 1.2 million pension savers. SEB is now a supplier to the entire collective pension insurance market. During the same period, SEB Pension in Denmark was awarded as the best pension fund by IPE – the leading publication among European institutional investors. SEB Pension was also awarded as the pension company with the highest customer satisfaction for the second year in a row. Two prizes, for best product offering and best new product, were given to SEB Life International by International Adviser in their ranking - International Life Award.

<sup>1</sup> Agreement between the Swedish Trade Union Confederation and the Confederation of Swedish Enterprise.

## Baltic

The Baltic division provides full banking and advisory services to private individuals and small and medium-sized corporate customers in Estonia, Latvia and Lithuania. The Baltic real estate holding companies (RHC) are part of the division. The full Baltic geographical segmentation, including other activities in the region, is reported in SEB's Fact Book.

### Income statement

SEK m	Q4			Q3			Q4			Jan- Dec		
	2013	2013	%	2012	2012	%	2013	2012	%	2013	2012	%
Net interest income	529	526	1	461	15		1992	1970	1			
Net fee and commission income	262	248	6	246	7		984	919	7			
Net financial income	161	98	64	99	63		449	423	6			
Net other income	- 12	- 5	140	- 3			- 32	- 11	191			
<b>Total operating income</b>	<b>940</b>	<b>867</b>	<b>8</b>	<b>803</b>	<b>17</b>		<b>3 393</b>	<b>3 301</b>	<b>3</b>			
Staff costs	- 176	- 161	9	- 172	2		- 650	- 681	- 5			
Other expenses	- 271	- 241	12	- 319	- 15		- 992	- 1 080	- 8			
Depreciation, amortisation and impairment of tangible and intangible assets	- 40	- 22	82	- 183	- 78		- 106	- 280	- 62			
<b>Total operating expenses</b>	<b>- 487</b>	<b>- 424</b>	<b>15</b>	<b>- 674</b>	<b>- 28</b>		<b>- 1 748</b>	<b>- 2 041</b>	<b>- 14</b>			
<b>Profit before credit losses</b>	<b>453</b>	<b>443</b>	<b>2</b>	<b>129</b>			<b>1 645</b>	<b>1 260</b>	<b>31</b>			
Gains less losses from disposals of tangible and intangible assets	4	15	- 73	1			40	9				
Net credit losses	- 163	- 66	147	- 149	9		- 405	- 351	15			
<b>Operating profit</b>	<b>294</b>	<b>392</b>	<b>- 25</b>	<b>- 19</b>			<b>1 280</b>	<b>918</b>	<b>39</b>			
Cost/Income ratio	0.52	0.49		0.84			0.52	0.62				
Business equity, SEK bn	8.5	8.5		8.9			8.8	8.8				
Return on business equity, %	12.3	16.4		negative			12.9	9.7				
Number of full time equivalents	2 807	2 794		2 857			2 799	2 960				

#### Baltic Banking (excl RHC)

<b>Operating profit</b>	<b>321</b>	<b>404</b>	<b>- 21</b>	<b>12</b>			<b>1 348</b>	<b>1 016</b>	<b>33</b>			
Cost/Income ratio	0.50	0.47		0.80			0.49	0.59				
Business equity, SEK bn	8.1	8.1		8.7			8.4	8.7				
Return on business equity, %	14.2	17.7		0.5			14.2	10.9				

Nota bene: The higher capital allocation in 2013 reflects the alignment to the future 12 per cent Common Equity Tier 1 requirement in the Basel III framework.

- Deposit volumes increased by 10 per cent in 2013 and loan volumes grew 1 per cent in local currency
- Return on business equity improved
- Latvia became the 18th member of the euro-zone in January 2014

#### Comments on 2013

The GDP growth remained robust throughout the year in Latvia and Lithuania driven by a pick-up in private consumption and exports. The GDP growth in Estonia was somewhat muted but rose from the third quarter. Latvia became the 18th member of the eurozone in January 2014.

SEB continued its efforts to increase customer satisfaction. In Estonia and Lithuania, improved mobile banking services for smartphones and tablets were launched, which further strengthened the customer relationship with SEB.

Operating profit increased to SEK 1,280m (918), mainly driven by lower expenses as one-off cost items in relation to IT impacted 2012.

The SEB Baltic loan volumes of SEK 101bn grew by 1 per cent in local currency terms during the year, with corporate loans growing by 5 per cent across the division. Baltic mortgage loans decreased by 2 per cent in local currency

terms. Lending margins were relatively stable across the portfolio with somewhat higher margins on new loans.

SEB's Baltic deposit volumes, of SEK 77bn, were 10 per cent higher in local currency terms. There was a notable rise in deposit volumes in Latvia during the fourth quarter in relation to the euro conversion. Conversion costs in Latvia amounted to approximately SEK 50m. In spite of the low deposit margins, net interest income increased by 2 per cent in local currencies.

Non-performing loans declined by 44 per cent during the year. Credit losses for the year increased by 15 per cent and included an adjustment made in Lithuania to reflect a less liquid real estate market.

Euromoney awarded SEB as the Best Real Estate Bank in Lithuania and Latvia. In Estonia, the Tallinn City government named SEB as one of the most Socially Responsible Companies of the year. In Lithuania, deposit ATMs were installed in all branch offices.

# The SEB Group

## Net interest income – SEB Group

SEK m	Q4			Q3			Q4			Jan - Dec		
	2013	2013	%	2012	%	2013	2012	%	2013	2012	%	
Interest income	12 688	12 147	4	12 788	- 1	49 723	53 794	- 8				
Interest expense	-7 756	-7 388	5	-8 330	- 7	-30 896	-36 159	- 15				
<b>Net interest income</b>	<b>4 932</b>	<b>4 759</b>	<b>4</b>	<b>4 458</b>	<b>11</b>	<b>18 827</b>	<b>17 635</b>	<b>7</b>				

## Net fee and commission income – SEB Group

SEK m	Q4			Q3			Q4			Jan - Dec		
	2013	2013	%	2012	%	2013	2012	%	2013	2012	%	
Issue of securities and advisory	336	154	118	241	39	716	646	11				
Secondary market and derivatives	377	482	- 22	480	- 21	2 001	1 940	3				
Custody and mutual funds	1 835	1 631	13	1 838	0	6 825	6 691	2				
Payments, cards, lending, deposits, guarantees and other	2 315	2 587	- 11	2 401	- 4	9 591	9 059	6				
<i>Whereof payments and card fees</i>	1 494	1 463	2	1 492	0	5 894	5 952	- 1				
<i>Whereof lending</i>	574	828	- 31	608	- 6	2 531	2 047	24				
<b>Fee and commission income</b>	<b>4 863</b>	<b>4 854</b>	<b>0</b>	<b>4 960</b>	<b>- 2</b>	<b>19 133</b>	<b>18 336</b>	<b>4</b>				
<b>Fee and commission expense</b>	<b>- 992</b>	<b>- 1 119</b>	<b>- 11</b>	<b>- 1 245</b>	<b>- 20</b>	<b>- 4 469</b>	<b>- 4 716</b>	<b>- 5</b>				
<b>Net fee and commission income</b>	<b>3 871</b>	<b>3 735</b>	<b>4</b>	<b>3 715</b>	<b>4</b>	<b>14 664</b>	<b>13 620</b>	<b>8</b>				

## Net financial income – SEB Group

SEK m	Q4			Q3			Q4			Jan - Dec		
	2013	2013	%	2012	%	2013	2012	%	2013	2012	%	
Equity instruments and related derivatives	541	727	- 26	- 12		1 235	518	138				
Debt instruments and related derivatives	- 93	- 654	- 86	137	- 168	- 8	972	- 101				
Currency and related derivatives	761	659	15	885	- 14	2 791	3 163	- 12				
Other	- 23	93	- 125	- 28	- 18	34	- 74	- 146				
<b>Net financial income</b>	<b>1 186</b>	<b>825</b>	<b>44</b>	<b>982</b>	<b>21</b>	<b>4 052</b>	<b>4 579</b>	<b>- 12</b>				

The result within Net financial income is presented on different rows based on type of underlying financial instrument. Changes in the Treasury result are due to changes in interest rates and credit spreads. The net effect from trading operations is fairly stable over time, although affected by seasonality, but shows volatility between lines.

For full year the positive effect from structured products offered to the public was approximately SEK 1,070m (320) in Equity related instruments and a corresponding negative effect in Debt related instruments.

## Staff costs

SEK m	Jan - Dec		
	2013	2012	%
Salaries*	-10 123	-10 531	-4
Short-term incentive*	- 933	-1 072	-13
Long-term incentive*	- 638	- 580	10
Pension costs	-1 450	-1 421	2
Redundancy costs*	- 323	- 413	-22
Other staff costs	- 562	- 579	-3
<b>Staff costs</b>	<b>-14 029</b>	<b>-14 596</b>	<b>-4</b>

\* including social charges

SEK m	Jan - Dec		
	2013	2012	%
Short-term incentive (STI) to staff	- 761	- 884	-14
Social benefit charges on STI	- 172	- 188	-9
<b>Short-term incentive remuneration</b>	<b>- 933</b>	<b>-1 072</b>	<b>-13</b>

SEK m	Jan - Dec		
	2013	2012	%
Long-term incentive (LTI) to staff	- 329	- 317	4
Social benefit charges on LTI	- 309	- 263	17
<b>Long-term incentive remuneration</b>	<b>- 638</b>	<b>- 580</b>	<b>10</b>

## Net credit losses – SEB Group

SEK m	Q4			Q3			Q4			Jan - Dec		
	2013	2013	%	2012	%	2012	%	2013	2012	%		
<i>Provisions:</i>												
Net collective provisions for individually assessed loans	- 19	- 51	-63	124		59		104		-43		
Net collective provisions for portfolio assessed loans	165	230	-28	- 37		715		- 148				
Specific provisions	- 264	81		- 90	193	- 756		- 532		42		
Reversal of specific provisions no longer required	128	95	35	85	51	381		557		-32		
Net provisions for off-balance sheet items	5	- 1				11		23		-52		
<b>Net provisions</b>	<b>15</b>	<b>354</b>	<b>-96</b>	<b>82</b>	<b>-82</b>	<b>410</b>		<b>4</b>				
<i>Write-offs:</i>												
Total write-offs	- 678	-1 607	-58	-1 007	-33	-3 755		-2 892		30		
Reversal of specific provisions utilized for write-offs	295	954	-69	594	-50	2 067		1 814		14		
Write-offs not previously provided for	- 383	- 653	-41	- 413	-7	-1 688		-1 078		57		
Recovered from previous write-offs	27	32	-16	55	-51	123		137		-10		
<b>Net write-offs</b>	<b>- 356</b>	<b>- 621</b>	<b>-43</b>	<b>- 358</b>	<b>-1</b>	<b>-1 565</b>		<b>- 941</b>		<b>66</b>		
<b>Net credit losses</b>	<b>- 341</b>	<b>- 267</b>	<b>28</b>	<b>- 276</b>	<b>24</b>	<b>-1 155</b>		<b>- 937</b>		<b>23</b>		

## Statement of changes in equity – SEB Group

SEK m	Share capital	Retained earnings	Other reserves				Total Shareholders' equity	Minority interests	Total Equity
			Available-for-sale financial assets	Cash flow hedges	Translation of foreign operations	Defined benefit plans			
<b>Jan-Dec 2013</b>									
Opening balance	21 942	90 033	273	1 688	-2 422	-2 091	<b>109 423</b>	90	<b>109 513</b>
Net profit		14 771					<b>14 771</b>	7	<b>14 778</b>
Other comprehensive income (net of tax)			1 105	-905	404	5 083	<b>5 687</b>	-1	<b>5 686</b>
<b>Total comprehensive income</b>		<b>14 771</b>	<b>1 105</b>	<b>-905</b>	<b>404</b>	<b>5 083</b>	<b>20 458</b>	<b>6</b>	<b>20 464</b>
Dividend to shareholders		-6 004					<b>-6 004</b>	-63	<b>-6 067</b>
Equity-based programmes <sup>1)</sup>		-1 127					<b>-1 127</b>		<b>-1 127</b>
Change in holdings of own shares		31					<b>31</b>		<b>31</b>
<b>Closing balance</b>	<b>21 942</b>	<b>97 704</b>	<b>1 378</b>	<b>783</b>	<b>-2 018</b>	<b>2 992</b>	<b>122 781</b>	<b>33</b>	<b>122 814</b>
<b>Jan-Dec 2012</b>									
Opening balance	21 942	82 272	-1 003	1 107	-1 752	-88	<b>102 478</b>	261	<b>102 739</b>
Net profit		11 632					<b>11 632</b>	22	<b>11 654</b>
Other comprehensive income (net of tax)			1 276	581	-670	-2 003	<b>-816</b>		<b>-816</b>
<b>Total comprehensive income</b>		<b>11 632</b>	<b>1 276</b>	<b>581</b>	<b>-670</b>	<b>-2 003</b>	<b>10 816</b>	<b>22</b>	<b>10 838</b>
Dividend to shareholders		-3 795					<b>-3 795</b>		<b>-3 795</b>
Equity-based programmes <sup>1)</sup>		-113					<b>-113</b>		<b>-113</b>
Minority interests								-193	<b>-193</b>
Change in holdings of own shares		37					<b>37</b>		<b>37</b>
<b>Closing balance</b>	<b>21 942</b>	<b>90 033</b>	<b>273</b>	<b>1 688</b>	<b>-2 422</b>	<b>-2 091</b>	<b>109 423</b>	<b>90</b>	<b>109 513</b>

Amounts under Other reserves may be reclassified in the future to the income statement under certain circumstances, e.g. if they are related to the sale of Available for sale financial assets, dissolved Cash flow hedges or Translation of foreign operations when SEB ceases to consolidate a foreign operation. Amounts related to Defined benefit plans will not be reclassified to the income statement.

1) The acquisition cost for the purchase of own shares is deducted from shareholders' equity. The item includes changes in nominal amounts of equity swaps used for hedging of equity-based programmes.

	Jan-Dec 2013	Jan-Dec 2012
<b>Number of shares owned by SEB, million</b>		
Opening balance	2.2	2.3
Repurchased shares	32.2	12.0
Sold/distributed shares	-20.0	-12.1
<b>Closing balance</b>	<b>14.4</b>	<b>2.2</b>

Market value of shares owned by SEB, SEK m	1 223	121
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In accordance with the decision by the Annual General Meeting, SEB holds own shares of Class A for the long-term equity-based programmes. The transactions may take place at one or several occasions during the year.

## Cash flow statement – SEB Group

SEK m	Jan - Dec		
	2013	2012	%
Cash flow from operating activities	- 33 172	- 6 653	
Cash flow from investment activities	- 1 835	- 1 278	44
Cash flow from financing activities	- 7 842	- 4 682	67
<b>Net increase in cash and cash equivalents</b>	<b>- 42 849</b>	<b>- 12 613</b>	
Cash and cash equivalents at the beginning of year	257 292	276 853	- 7
Exchange rate differences on cash and cash equivalents	- 1 055	- 6 948	- 85
Net increase in cash and cash equivalents	- 42 849	- 12 613	
<b>Cash and cash equivalents at the end of period<sup>1)</sup></b>	<b>213 388</b>	<b>257 292</b>	<b>- 17</b>

1) Cash and cash equivalents at the end of period is defined as Cash and cash balances with central banks, Other lending to central banks and Loans to other credit institutions payable on demand.

## Financial assets and liabilities – SEB Group

SEK m	31 Dec 2013		31 Dec 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans	1 551 591	1 557 769	1 519 759	1 539 032
Equity instruments	157 728	157 728	110 409	110 409
Debt instruments	325 730	325 750	340 894	340 326
Derivative instruments	142 377	142 377	169 679	169 679
Financial assets - policyholders bearing the risk	234 062	234 062	203 333	203 333
Other	23 102	23 102	58 712	58 712
<b>Financial assets</b>	<b>2 434 590</b>	<b>2 440 788</b>	<b>2 402 786</b>	<b>2 421 491</b>
Deposits	1 025 666	1 032 553	1 032 916	1 043 939
Equity instruments	44 231	44 231	34 161	34 161
Debt instruments	768 354	773 747	729 192	739 195
Derivative instruments	136 707	136 707	157 861	157 861
Liabilities to policyholders - investment contracts	223 494	223 494	195 620	195 620
Other	32 205	32 266	56 580	56 685
<b>Financial liabilities</b>	<b>2 230 657</b>	<b>2 242 998</b>	<b>2 206 330</b>	<b>2 227 461</b>

SEB has aggregated its financial instruments by class taking into account the characteristics of the instruments. The fair value of each class of financial assets and liabilities are compared with its carrying amount. A description of the characteristics of the classes can be found in note 41 in the Annual Report 2012.

## Assets and liabilities measured at fair value – SEB Group

SEK m	31 Dec 2013				31 Dec 2012			
	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non- observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Valuation technique using observable inputs (Level 2)	Valuation technique using non- observable inputs (Level 3)	Total
<b>Assets</b>								
Financial assets								
- policyholders bearing the risk	228 772	3 365	1 925	<b>234 062</b>	189 480	12 294	1 559	<b>203 333</b>
Equity instruments	118 182	29 160	9 958	<b>157 300</b>	79 970	21 563	8 667	<b>110 200</b>
Debt instruments	121 766	167 766	1 429	<b>290 961</b>	131 674	158 654	1 867	<b>292 195</b>
Derivative instruments	2 619	136 039	3 719	<b>142 377</b>	110	167 741	1 828	<b>169 679</b>
Investment in associates <sup>1)</sup>			1 101	<b>1 101</b>			1 073	<b>1 073</b>
Investment properties			7 623	<b>7 623</b>			7 488	<b>7 488</b>
<b>Total</b>	<b>471 339</b>	<b>336 330</b>	<b>25 755</b>	<b>833 424</b>	<b>401 234</b>	<b>360 252</b>	<b>22 482</b>	<b>783 968</b>
<b>Liabilities</b>								
Liabilities to policyholders								
- investment contracts	218 914	3 119	1 461	<b>223 494</b>	182 293	11 827	1 500	<b>195 620</b>
Equity instruments	43 678	64	489	<b>44 231</b>	32 532	1 629		<b>34 161</b>
Debt instruments	23 466	8 089		<b>31 555</b>	35 403	7 657		<b>43 060</b>
Derivative instruments	5 437	127 532	3 738	<b>136 707</b>	501	154 716	2 644	<b>157 861</b>
Other issued securities <sup>2)</sup>		29 997		<b>29 997</b>		26 323		<b>26 323</b>
<b>Total</b>	<b>291 495</b>	<b>168 801</b>	<b>5 688</b>	<b>465 984</b>	<b>250 729</b>	<b>202 152</b>	<b>4 144</b>	<b>457 025</b>

1) Venture capital activities designated at fair value through profit and loss.

2) Equity index-linked bonds designated at fair value through profit and loss.

Financial assets - policyholders bearing the risk, Investment properties and Liabilities to policyholders - investment contracts are included in the table which is a change compared to the Annual Report 2012.

Fair value gains and losses recognised in the income statement are included in the Net financial income, Net life insurance income and Net other income.

Risk Control has the overall responsibility for classifying assets and liabilities as being in level 1, 2 or 3. The valuation process is the same for financial instruments in all levels. Risk Control is responsible for validating the prices used for valuation of financial instruments. In case of disagreement, there is an escalation process in place, whereby the product area head or equivalent can submit an escalation to the relevant pricing / valuation committees. The Valuation Committees covers topics such as valuation of illiquid instruments, model validation findings, analysis of changes in fair value measurements and shocks on level 3 assets. The chairman of the Valuation Committees is appointed by Risk Control and the committees has permanent members from Divisional Risk Management, Group Finance and Risk Control.

Financial assets and liabilities carried at fair value are classified in a fair value hierarchy according to the level of observability of prices or inputs used in a valuation technique. For some of the Group's financial assets and liabilities, especially derivatives, quoted prices are not available, and valuation models are used to estimate fair value. To reflect counterparty risk and own credit risk in OTC derivatives, adjustments are made based on the net exposure towards each counterpart. The methodologies for estimating valuation adjustments are continuously revised as a result of changing market practices in response to regulatory and accounting policy changes, as well as general market developments. When valuing financial liabilities at fair value own credit standing is reflected.

Transfers between levels may occur when there are indications that market conditions have changed, e.g. a change in liquidity. There have been no significant transfers between level 1 and level 2 during the period however there has been a reclassification of assets and liabilities from level 2 to level 1 in the amount of SEK 13bn and from level 2 to level 3 in the amount of SEK 1.3bn as a result of enhanced classification. There were minor changes in Level 3 financial instruments mainly due to valuation effects and from purchases and sales of Equity, Debt and Derivative instruments.

### Sensitivity of Level 3 assets and liabilities to unobservable inputs

The table below illustrates the potential Profit or Loss impact of the relative uncertainty in the fair value of assets and liabilities measured at fair value that for their valuation are dependent on unobservable inputs. The sensitivity to unobservable inputs is assessed by altering the assumptions to the valuation techniques, illustrated below by changes in index-linked swap spreads, implied volatilities, credit spreads or comparator multiples. It is unlikely that all unobservable inputs would be simultaneously at the extremes of their ranges of reasonably possible alternatives.

The largest open market risk within Level 3 assets and liabilities is found within the insurance business. There have been no significant changes of sensitivity during Q4 2013.

SEK m	31 Dec 2013				31 Dec 2012			
	Assets	Liabilities	Net	Sensitivity	Assets	Liabilities	Net	Sensitivity
Structured Derivatives - interest rate <sup>1)</sup>	489	-684	-195	59	951	-1 504	-553	58
Capital Markets <sup>2)</sup>	397	-45	352	16	351	-52	299	20
CPM Portfolio <sup>3)</sup>	48		48	9	139		139	15
Venture Capital holding and similar holdings <sup>4)</sup>	1 803	-490	1 313	277	1 183		1 183	224
Insurance holdings - Financial instruments <sup>5)</sup>	10 752	-263	10 489	1 498	9 867	-105	9 762	1 501
Insurance holdings - Investment properties <sup>6)</sup>	7 623		7 623	762	7 488		7 488	749

1) Sensitivity from a shift of index-linked swap spreads by 5 basis points (5) and implied volatilities by 5 percentage points (5).

2) Sensitivity from a shift of swap spreads by 5 basis points (5).

3) Sensitivity from a shift of credit spreads by 100 basis points (100).

4) Valuation is estimated in a range of reasonable outcomes. Sensitivity analysis is based on 20 per cent shift in market values.

5) Sensitivity analysis is based on a shift in private equity of 20 per cent (20), structured credits 10 per cent (10) and derivative market values of 10 per cent (10).

6) Sensitivity from a shift of investment properties fair values of 10 per cent (10).



## Financial assets and liabilities subject to offsetting or netting arrangements – SEB Group

SEK m	Financial assets and liabilities subject to offsetting or netting arrangements						Other instruments in balance sheet not subject to netting arrangements	Total in balance sheet
	Gross amounts	Offset	Net amounts in balance sheet	Related arrangements		Net amounts		
				Master netting arrangements	Collaterals received/pledged			
<b>31 Dec 2013</b>								
Derivatives	133 062	-6 598	126 464	-92 576	-23 349	10 539	15 913	142 377
Reversed repo receivables	97 138	-4 148	92 990	-9 364	-80 707	2 919	17 483	110 473
Securities borrowing	42 728	-5 334	37 394	-6 801	-27 782	2 811	2 393	39 787
Client receivables	8 060	-8 060					5 601	5 601
<b>Assets</b>	<b>280 988</b>	<b>-24 140</b>	<b>256 848</b>	<b>-108 741</b>	<b>-131 838</b>	<b>16 269</b>	<b>41 390</b>	<b>298 238</b>
Derivatives	138 065	-6 598	131 467	-92 576	-25 612	13 279	5 239	136 706
Repo payables	14 678	-4 148	10 530	-9 364	-1 166		11 317	21 847
Securities lending	19 709	-5 334	14 375	-6 801	-7 574		13 686	28 061
Client payables	8 060	-8 060					13 140	13 140
<b>Liabilities</b>	<b>180 512</b>	<b>-24 140</b>	<b>156 372</b>	<b>-108 741</b>	<b>-34 352</b>	<b>13 279</b>	<b>43 382</b>	<b>199 754</b>
<b>31 Dec 2012</b>								
Derivatives	167 184	-12 459	154 725	-103 738	-43 882	7 105	14 954	169 679
Reversed repo receivables	91 422	-5 926	85 496	-9 370	-75 682	444	21 028	106 524
Securities borrowing	39 637	-3 905	35 732	-834	-32 018	2 880	9 426	45 158
Client receivables	7 576	-7 576					34 889	34 889
<b>Assets</b>	<b>305 819</b>	<b>-29 866</b>	<b>275 953</b>	<b>-113 942</b>	<b>-151 582</b>	<b>10 429</b>	<b>80 297</b>	<b>356 250</b>
Derivatives	159 697	-12 459	147 238	-103 738	-20 652	22 848	10 623	157 861
Repo payables	19 060	-5 926	13 134	-9 370	-3 764		15 701	28 835
Securities lending	28 362	-3 905	24 457	-834	-22 271	1 352	8 937	33 394
Client payables	7 576	-7 576					31 012	31 012
<b>Liabilities</b>	<b>214 695</b>	<b>-29 866</b>	<b>184 829</b>	<b>-113 942</b>	<b>-46 687</b>	<b>24 200</b>	<b>66 273</b>	<b>251 102</b>

The table shows financial assets and liabilities that are presented net in the statement of financial position or with potential rights to off-set associated with enforceable master netting arrangements or similar arrangements, together with related collateral. The Net amounts show the exposure in the case of normal business as well as in the events of default or bankruptcy.

Financial assets and liabilities are presented net in the statement of financial position when SEB has legally enforceable rights to set-off, in the ordinary course of business and in the case of bankruptcy, and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Repos with central counterparty clearing houses that SEB has agreements with and client receivables and client payables are examples of instruments that are presented net in the statement of financial position.

Financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements that are not presented net in the statement of financial position are arrangements that are usually enforceable in the case of bankruptcy or default but not in the ordinary course of business or arrangements where SEB does not have the intention to settle the instruments simultaneously.

Assets and liabilities that are not subject to offsetting or netting arrangements, i.e those that are only subject to collateral agreements, are presented as Other instruments in balance sheet.

## Reclassified portfolios – SEB Group

SEK m	Q4			Q3			Q4			Jan - Dec		
	2013	2013	%	2012	%	2013	2012	%	2013	2012	%	
<b>Reclassified</b>												
Opening balance	20 585	23 148	-11	30 813	-33	29 342	42 169	-30				
Amortisations	-2 063	-1 120	84	- 828	149	-6 076	-2 862	112				
Securities sold	- 127	-1 051	-88	-1 611	-92	-4 993	-8 656	-42				
Accrued coupon	- 38	7		- 32	19	- 8	9	-189				
Exchange rate differences	488	- 399		1 000	-51	580	-1 318	-144				
<b>Closing balance*</b>	<b>18 845</b>	<b>20 585</b>	<b>- 8</b>	<b>29 342</b>	<b>-36</b>	<b>18 845</b>	<b>29 342</b>	<b>-36</b>				
* Market value	18 668	20 189	- 8	28 423	-34	18 668	28 423	-34				
<b>Fair value impact - if not reclassified</b>												
In Other Comprehensive Income (AFS origin)	163	- 15		242	-33	535	1 117	-52				
In Income Statement (HFT origin)	- 20	2		98	-120	10	217	-95				
<b>Total</b>	<b>143</b>	<b>- 13</b>		<b>340</b>	<b>-58</b>	<b>545</b>	<b>1 334</b>	<b>-59</b>				
<b>Effect in Income Statements**</b>												
Net interest income	62	80	-23	103	-40	305	602	-49				
Net financial income	236	- 286		697	-66	274	- 639	-143				
Other income	- 8	- 18	-56	- 1		- 34	- 391	-91				
<b>Total</b>	<b>290</b>	<b>- 224</b>		<b>799</b>	<b>-64</b>	<b>545</b>	<b>- 428</b>					

\*\* The effect in the Income Statement is the profit or loss transactions from the reclassified portfolio reported gross. Net interest income is the interest income from the portfolio without taking into account the funding costs. Net financial income is the foreign currency effect related to the reclassified portfolio but does not include the off-setting foreign currency effects from financing activities. Other income is the realised gains or losses from sales in the portfolio.

## Non-performing loans – SEB Group

	31 Dec	31 Dec
SEK m	2013	2012
<b>Individually assessed impaired loans</b>		
Impaired loans, past due > 60 days	4 609	7 234
Impaired loans, performing or past due < 60 days	322	767
<b>Total individually assessed impaired loans</b>	<b>4 931</b>	<b>8 001</b>
Specific reserves	- 2 521	- 4 165
<i>for impaired loans, past due &gt; 60 days</i>	- 2 352	- 3 783
<i>for impaired loans, performing or past due &lt; 60 days</i>	- 169	- 382
Collective reserves	- 1 762	- 1 790
<b>Impaired loans net</b>	<b>648</b>	<b>2 046</b>
Specific reserve ratio for individually assessed impaired loans	51.1%	52.1%
Total reserve ratio for individually assessed impaired loans	86.9%	74.4%
Net level of impaired loans	0.17%	0.28%
Gross level of impaired loans	0.35%	0.58%
<b>Portfolio assessed loans</b>		
Portfolio assessed loans past due > 60 days	4 146	5 389
Restructured loans	381	450
Collective reserves for portfolio assessed loans	- 2 252	- 2 914
Reserve ratio for portfolio assessed loans	49.7%	49.9%
<b>Reserves</b>		
Specific reserves	- 2 521	- 4 165
Collective reserves	- 4 014	- 4 704
Reserves for off-balance sheet items	- 275	- 299
<b>Total reserves</b>	<b>- 6 810</b>	<b>- 9 168</b>
<b>Non-performing loans</b>		
Non-performing loans*	9 458	13 840
NPL coverage ratio	72.0%	66.2%
NPL % of lending	0.67%	1.01%

\* Impaired loans + portfolio assessed loans past due > 60 days + restructured portfolio assessed loans

## Seized assets – SEB Group

	31 Dec	31 Dec
SEK m	2013	2012
Properties, vehicles and equipment	2 895	2 251
Shares	45	49
<b>Total seized assets</b>	<b>2 940</b>	<b>2 300</b>

## Discontinued operations – SEB Group

### Income statement

SEK m	Q4			Q3		Q4			Jan - Dec		
	2013	2013	%	2012	%	2013	2012	%			
Total operating income	2	3	-33	78	-97	42	305	-86			
Total operating expenses	-41	-14	193	-89	-54	-118	-645	-82			
<b>Profit before credit losses</b>	<b>-39</b>	<b>-11</b>	<b>0</b>	<b>-11</b>	<b>0</b>	<b>-76</b>	<b>-340</b>	<b>-78</b>			
Net credit losses			0		0	-20	-181	-89			
<b>Operating profit</b>	<b>-39</b>	<b>-11</b>	<b>0</b>	<b>-11</b>	<b>0</b>	<b>-96</b>	<b>-521</b>	<b>-82</b>			
Income tax expense	45	11	0	10	0	85	33	158			
<b>Net profit from discontinued operations</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>-11</b>	<b>-488</b>	<b>-98</b>			

### Assets and liabilities held for sale

SEK m	31 Dec 2013	31 Dec 2012
Loans to the public		
Other assets		
<b>Total assets held for sale</b>	<b>0</b>	<b>0</b>
Deposits from credit institutions		
Deposits and borrowing from the public		
Other liabilities		
<b>Total liabilities held for sale</b>	<b>0</b>	<b>0</b>

### Cash flow statement

SEK m	Q4			Q3		Q4			Jan - Dec		
	2013	2013	%	2012	%	2013	2012	%			
Cash flow from operating activities	-139	-61	128	52		-268	65				
Cash flow from investment activities							38	-100			
Cash flow from financing activities	139	61	128	-53		268	87				
<b>Net increase in cash and cash equivalents from discontinued operations</b>	<b>0</b>	<b>0</b>		<b>-1</b>		<b>0</b>	<b>190</b>	<b>-100</b>			

Discontinued operations includes the work to finalise the operational separation of the divested retail operations in Germany and Ukraine.

## SEB financial group of undertakings

### Capital base of the SEB financial group of undertakings (Basel II)

SEK m	31 Dec 2013	31 Dec 2012
Total equity according to balance sheet	122 814	109 513
Dividend (excl repurchased shares)	-8 719	-6 028
Investments outside the financial group of undertakings	-67	-64
Other deductions outside the financial group of undertakings	-2 710	-4 451
<b>= Total equity in the capital adequacy</b>	<b>111 318</b>	<b>98 970</b>
Adjustment for hedge contracts	-40	-473
Net provisioning amount for IRB-reported credit exposures	-345	0
Unrealised value changes on available-for-sale financial assets	-1 734	-597
Exposures where RWA is not calculated	-647	-802
Goodwill	-4 085	-4 147
Other intangible assets	-2 443	-2 559
Deferred tax assets	-1 576	-2 003
<b>= Core Tier 1 capital</b>	<b>100 448</b>	<b>88 389</b>
Tier 1 capital contribution (non-innovative)	4 448	4 300
Tier 1 capital contribution (innovative)	9 801	9 704
Investments in insurance companies	-6 538	
<b>= Tier 1 capital</b>	<b>108 159</b>	<b>102 393</b>
Dated subordinated debt	6 739	6 515
Deduction for remaining maturity	-54	-39
Perpetual subordinated debt	613	1 890
Net provisioning amount for IRB-reported credit exposures	-345	485
Unrealised gains on available-for-sale financial assets	1 515	990
Exposures where RWA is not calculated	-647	-802
Investments outside the financial group of undertakings	-67	-64
Investments in insurance companies	-6 538	
<b>= Tier 2 capital</b>	<b>1 216</b>	<b>8 975</b>
Investments in insurance companies	0	-10 501
Pension assets in excess of related liabilities	-2 298	0
<b>= Capital base</b>	<b>107 077</b>	<b>100 867</b>

The deduction for investments in insurance companies, which was earlier made from the total capital base, was changed in 2013 so that half is deducted from Tier 1 capital and the remaining half from Tier 2 capital.

The valuation of the Swedish defined pension plan resulted in an equity increase, which strengthened the core Tier 1 and Tier 1 capital ratios. The total capital ratio was not affected since the pension surplus, less tax and the amount of pension assets that are unrestricted for Bank use, is deducted from the total capital base. Under the Basel III framework, this surplus is deducted from the Common Equity Tier 1 capital.

## Risk-weighted assets for the SEB financial group of undertakings

Risk-weighted assets	31 Dec	31 Dec
SEK m	2013	2012
<b>Credit risk IRB approach</b>		
Institutions	22 454	23 879
Corporates	328 739	326 666
Securitisation positions	4 827	5 177
Retail mortgages	41 433	42 896
Other retail exposures	10 619	9 365
Other exposure classes	1 418	1 461
<b>Total credit risk IRB approach</b>	<b>409 490</b>	<b>409 444</b>
<b>Further risk-weighted assets</b>		
Credit risk, Standardised approach	59 167	68 125
Operational risk, Advanced Measurement approach	38 313	40 219
Foreign exchange rate risk	6 485	14 042
Trading book risks	50 104	54 009
<b>Total risk-weighted assets</b>	<b>563 559</b>	<b>585 839</b>
<b>Summary</b>		
Credit risk	468 657	477 569
Operational risk	38 313	40 219
Market risk	56 589	68 051
<b>Total</b>	<b>563 559</b>	<b>585 839</b>
<b>Adjustment for flooring rules</b>		
Addition according to transitional flooring	353 481	293 398
<b>Total reported</b>	<b>917 040</b>	<b>879 237</b>

### RWA development

The Swedish Financial Supervisory Authority announced that the so-called transitional floor will continue to apply also under the new capital regimes. It is calculated as 80 per cent of the capital requirement in accordance with Basel I regulation.

Un-floored Basel II RWA was 51 per cent lower than Basel I. SEB targets IRB reporting for all credit exposures except those to central governments, central banks and local governments and authorities and a small number of insignificant portfolios.

Overall Basel II RWA before the effect of transitional flooring decreased by 4 per cent, or SEK 22bn, since year-end 2012.

Risk-weighted assets	SEK bn
Balance 31 December 2012	586
Volumes changes	15
Currency effect	4
RWA processes / regulatory changes	-14
Risk class migration	-5
Risk-weight changes	-8
Market risk changes	-11
Other	-3
<b>Balance 31 December 2013</b>	<b>564</b>

### Average risk-weight

The following table summarises average risk weights (Risk-Weighted Assets, RWA, divided by Exposure At Default, EAD) for exposures where RWA is calculated following the internal ratings based (IRB) approach. Repos and securities

lending transactions are excluded from the analysis since they carry low risk-weight and can vary considerably in volume, thus making numbers less comparable.

<b>IRB reported credit exposures (less repos and securities lending)</b>	<b>31 Dec</b>	<b>31 Dec</b>
<b>Average risk-weight</b>	<b>2013</b>	<b>2012</b>
Institutions	18.1%	15.9%
Corporates	38.3%	40.8%
Securitisation positions	39.0%	34.7%
Retail mortgages	9.5%	10.4%
Other retail exposures	39.0%	37.4%

The increase in risk weight for institutions is due to a relative shift of exposures towards lower risk classes. The decrease in risk weight for corporates is due to process changes as regards treatment of maturity for overdrafts and update of collateral market values. The increase in risk weight for securitisation is due to higher amortization rates on the higher rated part of the portfolio. The decrease of risk weight for retail mortgages is due to positive effects from market values

of properties. Finally, the increase in risk weight for other retail exposure is due to a relative increase in unsecured lending.

On 21 May 2013 the Swedish Financial Supervisory Authority decided to implement a 15 per cent floor for Swedish mortgage risk weights on portfolio level. The risk weight floor will be handled under Pillar 2 and does not affect the risk weights under Pillar 1.

## Capital adequacy analysis for the SEB financial group of undertakings

Capital adequacy SEK m	31 Dec 2013	31 Dec 2012
<b>Capital resources</b>		
Core Tier 1 capital	100 448	88 389
Tier 1 capital	108 159	102 393
Capital base	107 077	100 867
<b>Capital adequacy without transitional floor (Basel II)</b>		
Risk-weighted assets	563 559	585 839
Expressed as capital requirement	45 085	46 867
Core Tier 1 capital ratio	17.8%	15.1%
Tier 1 capital ratio	19.2%	17.5%
Total capital ratio	19.0%	17.2%
Capital base in relation to capital requirement	2.38	2.15
<b>Capital adequacy including transitional floor</b>		
Transitional floor applied	80%	80%
Risk-weighted assets	917 040	879 237
Expressed as capital requirement	73 363	70 339
Core Tier 1 capital ratio	11.0%	10.1%
Tier 1 capital ratio	11.8%	11.6%
Total capital ratio	11.7%	11.5%
Capital base in relation to capital requirement	1.46	1.43
<b>Capital adequacy with risk-weighting according to Basel I</b>		
Risk-weighted assets	1 157 095	1 091 468
Expressed as capital requirement	92 568	87 317
Core Tier 1 capital ratio	8.7%	8.1%
Tier 1 capital ratio	9.3%	9.4%
Total capital ratio	9.3%	9.2%
Capital base in relation to capital requirement	1.16	1.16



### The Basel III framework

The Basel III framework, in the form of the CRD IV/CRR regulatory package, was adopted by the European Parliament in June 2013. The CRR part is a regulation and hence applicable law in all member states when adopted by the EU. The CRD IV part applies from 1 January 2014 and are now in the process of being transposed into Swedish legislation. Due to the Swedish legislative process the implementation of CRD IV is delayed and the expected implementation date is 1 July 2014.

CRD IV covers the implementation of buffer requirements, Pillar 2, etc. while CRR contains the minimum requirements and all technical calculation standards. The CRR rules establishes explicit minimum levels for Common Equity Tier 1 and Tier 1 capital and requires banks to hold more and higher

quality capital. RWA will mainly be affected by an additional so-called credit value adjustment requirement for OTC-derivatives, new requirements for exposures on central counterparties, and an increase in risk weights for exposures on financial institutions.

The Swedish government has communicated stricter capital requirements than those stipulated under Basel III, a 12 per cent Common Equity Tier 1 requirement from 2015 (on a Basel III/CRD IV fully implemented basis). The current requirement is 10 per cent.

<b>Capital adequacy SEK m</b>	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>Capital resources Basel III</b>		
Common Equity Tier 1 capital	89 826	82 759
Tier 1 capital	102 462	96 853
Capital base	108 260	105 704
<b>Capital adequacy according to Basel III</b>		
Risk-weighted assets	598 324	631 795
Expressed as capital requirement	47 866	50 544
Common Equity Tier 1 capital ratio	15.0%	13.1%
Tier 1 capital ratio	17.1%	15.3%
Total capital ratio	18.1%	16.7%
Capital base in relation to capital requirement	2.26	2.09

The Basel III information is an estimate based on SEB's interpretation of future regulation.

# Skandinaviska Enskilda Banken AB (publ)

## Income statement – Skandinaviska Enskilda Banken AB (publ)

In accordance with FSA regulations SEK m	Q4			Q3		Q4		Jan - Dec		
	2013	2013	%	2012	%	2013	2012	%		
Interest income	9 255	8 738	6	9 889	-6	35 740	38 470	-7		
Leasing income	1 368	1 393	-2	1 424	-4	5 567	5 817	-4		
Interest expense	-5 689	-5 374	6	-6 729	-15	-22 435	-26 809	-16		
Dividends	23	2 875	-99	25	-8	4 848	2 214	119		
Fee and commission income	2 483	2 609	-5	2 616	-5	9 815	8 963	10		
Fee and commission expense	- 341	- 418	-18	- 456	-25	-1 532	-1 523	1		
Net financial income	1 048	687	53	949	10	3 547	4 046	-12		
Other income	265	1 180	-78	- 288		1 990	159			
<b>Total operating income</b>	<b>8 412</b>	<b>11 690</b>	<b>-28</b>	<b>7 430</b>	<b>13</b>	<b>37 540</b>	<b>31 337</b>	<b>20</b>		
Administrative expenses	-3 613	-3 524	3	-4 568	-21	-14 062	-15 077	-7		
Depreciation, amortisation and impairment of tangible and intangible assets	-1 254	-1 245	1	-1 734	-28	-5 024	-5 446	-8		
<b>Total operating expenses</b>	<b>-4 867</b>	<b>-4 769</b>	<b>2</b>	<b>-6 302</b>	<b>-23</b>	<b>-19 086</b>	<b>-20 523</b>	<b>-7</b>		
<b>Profit before credit losses</b>	<b>3 545</b>	<b>6 921</b>	<b>-49</b>	<b>1 128</b>		<b>18 454</b>	<b>10 814</b>	<b>71</b>		
Net credit losses	- 115	- 84	37	- 87	32	- 451	- 385	17		
Impairment of financial assets	-1 678	- 11		- 20		-1 691	-1 114	52		
<b>Operating profit</b>	<b>1 752</b>	<b>6 826</b>	<b>-74</b>	<b>1 021</b>	<b>72</b>	<b>16 312</b>	<b>9 315</b>	<b>75</b>		
Appropriations	2 574	388		-4 401		3 432	-3 175			
Income tax expense	- 707	- 832	-15	1 037	-168	-2 778	-1 289	116		
Other taxes	- 14			- 86	-84	- 27	- 86	-69		
<b>Net profit</b>	<b>3 605</b>	<b>6 382</b>	<b>-44</b>	<b>-2 429</b>		<b>16 939</b>	<b>4 765</b>			

## Statement of comprehensive income – Skandinaviska Enskilda Banken AB (publ)

SEK m	Q4			Q3		Q4		Jan - Dec		
	2013	2013	%	2012	%	2013	2012	%		
<b>Net profit</b>	<b>3 605</b>	<b>6 382</b>	<b>-44</b>	<b>-2 429</b>		<b>16 939</b>	<b>4 765</b>			
<i>Items that may subsequently be reclassified to the income statement:</i>										
Available-for-sale financial assets	243	164	48	554	-56	859	693	24		
Cash flow hedges	350	- 55		152	130	- 903	584			
Translation of foreign operations	- 7	- 25	-72	- 31	-77	- 32	- 72	-56		
<b>Other comprehensive income (net of tax)</b>	<b>586</b>	<b>84</b>		<b>675</b>	<b>-13</b>	<b>- 76</b>	<b>1 205</b>	<b>-106</b>		
<b>Total comprehensive income</b>	<b>4 191</b>	<b>6 466</b>	<b>-35</b>	<b>-1 754</b>		<b>16 863</b>	<b>5 970</b>	<b>182</b>		

## Balance sheet - Skandinaviska Enskilda Banken AB (publ)

Condensed SEK m	31 Dec 2013	31 Dec 2012
Cash and cash balances with central banks	135 309	165 994
Loans to credit institutions	183 312	200 189
Loans to the public	1 013 188	937 734
Financial assets at fair value	433 431	426 326
Available-for-sale financial assets	17 485	17 610
Held-to-maturity investments	85	1 636
Investments in associates	1 055	1 044
Shares in subsidiaries	52 555	50 671
Tangible and intangible assets	40 080	43 026
Other assets	27 658	64 823
<b>Total assets</b>	<b>1 904 158</b>	<b>1 909 053</b>
Deposits from credit institutions	210 238	199 711
Deposits and borrowing from the public	611 234	637 721
Debt securities	704 088	641 413
Financial liabilities at fair value	201 705	232 062
Other liabilities	46 613	74 097
Provisions	92	160
Subordinated liabilities	22 739	24 213
Untaxed reserves	23 694	26 346
Total equity	83 755	73 330
<b>Total liabilities, untaxed reserves and shareholders' equity</b>	<b>1 904 158</b>	<b>1 909 053</b>

## Pledged assets, contingent liabilities and commitments - Skandinaviska Enskilda Banken AB (publ)

SEK m	31 Dec 2013	31 Dec 2012
Collateral and comparable security pledged for own liabilities	316 525	294 990
Other pledged assets and comparable collateral	98 927	119 577
Contingent liabilities	84 767	78 565
Commitments	335 048	315 157

## Capital adequacy

Capital adequacy SEK m	31 Dec 2013	31 Dec 2012
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### Capital resources

Core Tier 1 capital	88 905	82 812
Tier 1 capital	103 154	96 815
Capital base	109 005	104 252

### Capital adequacy including transitional floor

Transitional floor applied	80%	80%
Risk-weighted assets	700 422	667 910
Expressed as capital requirement	56 034	53 433
Core Tier 1 capital ratio	12.7%	12.4%
Tier 1 capital ratio	14.7%	14.5%
Total capital ratio	15.6%	15.6%
Capital base in relation to capital requirement	1.95	1.95

# This is SEB

<b>Mission</b>	To help people and businesses thrive by providing quality advice and financial resources.
<b>Vision</b>	To be <i>the</i> trusted partner for customers with aspirations.
<b>Values</b>	Guided by our Code of Business Conduct and our core values: professionalism, commitment, mutual respect and continuity.
<b>Customers and markets</b>	2,900 large corporates and institutions, 400,000 SMEs and 4 million private customers bank with SEB. They are mainly located in eight markets around the Baltic Sea.
<b>Brand promise</b>	Rewarding relationships.
<b>Corporate objectives</b>	The leading Nordic bank for corporates and institutions. The top universal bank in Sweden and the Baltic countries.
<b>Strategic value-driving priorities</b>	Long-term customer relationships – build and develop relationships based on the customers' long-term needs with a holistic perspective. Growth in areas of strength – pursue growth in three selected core areas – large corporations and financial institutions in the Nordic countries and Germany, small and medium-sized companies in Sweden, and a holistic savings offering. Resilience and flexibility – ensure the financial strength needed to demonstrate stability and resilience as well as the flexibility to adapt operations in a cost-efficient manner to the prevailing market conditions.
<b>People</b>	Around 16,000 highly skilled people serving customers from locations in some 20 countries; covering different time zones, securing reach and local market knowledge.
<b>History</b>	Over 150 years of business, building trust and sharing knowledge. The Bank has always acted responsibly in society promoting entrepreneurship, international outlook and long-term relationships.

Additional financial information is available in SEB's Fact Book which is published quarterly on [www.sebgroup.com/ir](http://www.sebgroup.com/ir)